



---

# ***Daily Report***

## **China**

FBIS-CHI-92-183  
Monday  
21 September 1992

# Daily Report China

FBIS-CHI-92-183

## CONTENTS

21 September 1992

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

### INTERNATIONAL AFFAIRS

#### General

Chi Haibin Terms Global Economy 'Lackluster' [XINHUA] .....	1
Bank Official on Economic Strategy [XINHUA] .....	1
XINHUA Analyzes West's Economic Recession .....	2
UN Representative Comments on Yugoslav Membership [XINHUA] .....	3

#### United States & Canada

Effect of F-16 Sale on Arms Talks Viewed [RENMIN RIBAO OVERSEAS EDITION 21 Sep] .....	4
Professors Denounce U.S. for F-16 Sales [XINHUA] .....	5
U.S. Arms Sales, Technology Transfer Criticized [Beijing Radio] .....	6
Foreign Minister Qian Qichen Arrives in New York [XINHUA] .....	7
Vice Minister on U.S. Trade Talks, Retaliation [Hong Kong HSIN WAN PAO 18 Sep] .....	7
Tian Jiyun Comments on Sino-U.S. Economic Ties [XINHUA] .....	7
Official Objects to U.S. Policy on Hong Kong [Hong Kong WEN WEI PO 20 Sep] .....	8
U.S. Objections to China's GATT Entry Assailed [Hong Kong WEN WEI PO 19 Sep] .....	8

#### Central Eurasia

Li Peng on 'Great Importance' of Yeltsin Visit [XINHUA] .....	9
---------------------------------------------------------------	---

#### Northeast Asia

Li Peng Briefs Japanese Guests on Deng's Reforms [XINHUA] .....	9
Tian Jiyun Meets Delegation [XINHUA] .....	10

#### Southeast Asia & Pacific

Li Peng Receives Micronesian President [XINHUA] .....	10
Cooperation Documents Signed [XINHUA] .....	10
Deputy Foreign Minister Arrives for Talks in SRV [Beijing International] .....	11
Xu Meets Foreign Minister [XINHUA] .....	11
Border Talks Planned [XINHUA] .....	11
Arrival in Cambodia Reported [XINHUA] .....	11

### NATIONAL AFFAIRS

#### Political & Social

Deng's Children Reportedly Win Congress Seats [Tokyo KYODO] .....	12
Article Views Deng's Approach to Marxism [JINGJI RIBAO 15 Sep] .....	12
Political Impact of Shenzhen Riots Examined [Hong Kong HSIN PAO 18 Sep] .....	15
Li Peng Inscriptions on Various Occasions Noted .....	17
Inscribes for Instruments Seminar [Beijing Radio] .....	17
For Shenzhen Auto Factory [XINHUA] .....	17
Catholic Church Holds Fifth National Conference [XINHUA] .....	17
Qiao Shi Meets Participants [XINHUA] .....	18
Li Ruihuan Attends Opening of Lecture Series [XINHUA] .....	18
Zou Jiahua Writes Title for Book on Deng Talks [Beijing Radio] .....	18

Chen Junsheng Speaks on Mass Organization Work [XINHUA] .....	19
Former Culture Minister Wang Meng on Creativity [JIEFANG RIBAO 10 Sep] .....	19
Economics, S&T, Law Talent Group Founded [XINHUA] .....	20
Seminar on Court Enforcement Promotes Reform [XINHUA] .....	20
Plan To Care for Millions of Elderly Unfolding [CHINA DAILY 19 Sep] .....	21

### Science & Technology

Geological Society Marks 70th Anniversary [XINHUA] .....	21
Song Jian Inscribes Title for Publication [XINHUA] .....	22

### Military

Border Defense Units Meet on Coastal Defense [XINHUA] .....	22
PLA Fleet Lays Cable in South China Sea [Beijing TV] .....	23

### Economic & Agricultural

New Finance Minister Liu Zhongli Interviewed [XINHUA] .....	23
XINHUA Profiles Liu .....	25
State Council To Implement New Accounting System [XINHUA] .....	25
Chen Jinhua on Replacing State Firm Mechanisms [XINHUA] .....	26
Commentary Lauds Liaoning's State Firms' Reform [RENMIN RIBAO 31 Aug] .....	29
Shanghai Merges Two High-Tech Zones [CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) 20 Sep] .....	29
Economists Suggest Developing Hinterland Zones [ZHONGGUO TONGXUN SHE] .....	30
Telecommunications Upgrade in Border Trade Areas [CHINA DAILY 21 Sep] .....	30

## REGIONAL AFFAIRS

### East Region

Shandong Congress Shuffles Personnel [DAZHONG RIBAO 11 Sep] .....	32
Shandong Leaders Attend Opening of News Center [Jinan Radio] .....	32
Greet Conservation Meeting [Jinan Radio] .....	32
Hangzhou Develops Telecommunications [XINHUA] .....	33

### Central-South Region

Shenzhen Official on Soldier-Worker 'Conflict' [ZHONGGUO XINWEN SHE] .....	33
Hainan Marks Yangpu Development in Hong Kong [Haikou Radio] .....	34
Experts, Economists Discuss Hainan Tourism [XINHUA] .....	35

### Southwest Region

Guizhou Governor Inspects County, Comments [Guiyang Radio] .....	35
Sichuan Secretary Attends Joint Stock Meeting [Chengdu Radio] .....	35
Tibet 'Vigorously' Developing Tertiary Industries [XINHUA] .....	35

### North Region

Beijing To Expand Overseas Enterprises' Autonomy [CHINA DAILY 21 Sep] .....	36
Li Ximing Inspects Shishahai Scenic Spot [BEIJING RIBAO 6 Sep] .....	37

## TAIWAN

Mainland Planning Military Restructuring [LIEN HO PAO 14 Sep] .....	38
Qian Qichen Says Independence 'Internal Affair' [TZU LI WAN PAO 12 Sep] .....	38
Two-Day Meeting on Mainland Affairs Held [CNA] .....	39
Beijing's 'Ultimate Goal' Denounced [CNA] .....	39
Familiarization Visits Allowed [CNA] .....	40

Direct Shipping Links Possible [CNA] .....	40
Telecommunications Links Under Study [CNA] .....	40
Council Explains Links Position [CNA] .....	40
Editorial Views Broadcasting To Mainland [CNA] .....	41
U.S. Urged To Enter Mainland Via Taiwan [CNA] .....	42
Minister Urges Expanding Ties To Rejoin UN [CNA] .....	42
Progress on Bid To Join GATT Noted [CNA] .....	43
Air Link Negotiations Set To Begin With Russia [CNA] .....	43
Taipei Unlikely To Accept Low-Level ROK Mission [CNA] .....	44
Editorial Views Future of Relations [CHINA POST 16 Sep] .....	44

## HONG KONG & MACAO

### Hong Kong

Territory To Offer To Build Naval Base for PLA [Hong Kong SOUTH CHINA SUNDAY MORNING POST 20 Sep] .....	45
Shipping Regulations Eased for Former Bloc, SRV [Hong Kong SOUTH CHINA MORNING POST 21 Sep] .....	45



## General

### Chi Haibin Terms Global Economy 'Lackluster'

OW1909182292 Beijing XINHUA in English  
1650 GMT 19 Sep 92

[Text] Washington, September 19 (XINHUA)—A senior Chinese official said here today the current growth of the world economy remains lackluster and the projected slowdown of the economic growth in major industrial countries has cast "a shadow on the recovery" of the global economy.

Chi Haibin, vice minister of finance, said at the ministerial meeting of the group of 24 developing countries: "There is hardly any ground for optimism about the prospects."

Earlier this week, the International Monetary Fund projected the world economic growth rate at one percent in 1992 and at three percent in 1993. The economy of the industrial countries as a group is expected to expand by 1.7 percent this year and by 2.9 percent next year.

Chi said, "The unfavorable external environment has posed difficulty for economic development in the developing countries."

Over the years, he said, many developing countries have undertaken policy adjustment and opened up their economies, but the outcome has fallen short of what could have been achieved owing to severe debt burden and worsened terms of trade.

Moreover, many developing countries have made unremitting efforts to reduce poverty and protect environment, but their efforts have again failed to achieve the anticipated results for lack of adequate resources.

"With the ever-increasing inter-dependence of the economies in the present-day world, economic growth in the industrial countries will be constrained without economic development in the developing countries," Chi told the meeting.

He urged the industrial countries to assume the major responsibility for the world economic growth by pursuing macroeconomic policies conducive to the sustained growth of the global economy, reducing various restrictions, particularly non-tariff barriers, on exports from developing countries, and substantially increasing financial assistance to developing countries.

"An ever-expanding international trade is an important prerequisite for the sustained growth of the world economy," he noted.

It is regrettable that the Uruguay Round multilateral trade negotiations, now in its sixth year, remains stranded without any agreement. This has greatly frustrated the efforts of developing countries in unilaterally opening their trade regimes.

Chi appealed to the major industrial countries to demonstrate their political willingness to break expeditiously the

deadlock in order to pave the way for the smooth development of international trade and create a favorable external environment for economic development in the developing world.

He also expressed the hope that the international community, particularly the creditors, will take further actions to alleviate the burden of debtor countries. "We also hope that the (World) Bank and the (International Monetary) Fund will continue to help debt-distressed countries develop their economies as a fundamental resolution of the debt problems," he said.

Lack of financial resources is one of the critical issues confronted by developing countries in their economic development, Chi noted.

He called on the international community, particularly the industrial countries, to take necessary steps to promote flows of financial resources to developing countries. "It should be pointed out that the bank and the fund, while helping the new members in the process of their economic adjustment, should take concrete steps to increase financial assistance to their traditional borrowers," he said.

The vice-minister said that this year, the eastern and southern Africa has been hit by a drought unparalleled in its severity in history. The economies as well as the life of the people in those countries in this region are "in enormous troubles."

"We call on the international community to increase the emergency assistance to those countries, and we also hope that the bank and the fund will further strengthen their assistance in a more flexible manner," he said.

The Group of 24 meets at regular intervals, usually in monetary [as received] with the World Bank and International Monetary Fund ministerial meetings, to determine the developing countries' positions for these meetings and related matters. China attends Group of 24 meetings as an invitee.

### Bank Official on Economic Strategy

OW2009184292 Beijing XINHUA in English  
1744 GMT 20 Sep 92

[Text] Washington, September 20 (XINHUA)—A senior Chinese official urged today the major industrial countries to fully commit themselves to the medium-term economic strategy and enhance policy coordination to help sustain world economic growth.

Chen Yuan, deputy governor of China's central bank, the People's Bank of China, told a meeting of the International Monetary Fund interim committee that there have been signs of recovery in the world economy since last April.

This recovery, however, has been uneven, fragile and unstable, he said, adding that the continued economic slowdown in Germany and Japan clouds prospects for the global economic recovery.

The International Monetary Fund projected the world economic growth at only one percent in 1992 and at three

percent in 1993. The industrial countries as a group is forecast to expand by 1.7 percent this year and by 2.9 percent next year.

Chen said, "We also note with concern the ongoing turmoil in the European monetary system."

He said the implementation of sound economic policies by the major industrial countries has a significant bearing on the sustainable growth of the world economy.

Despite their efforts over the past decade to reduce inflation, the major industrial countries have failed to implement their medium-term strategies and have been unable to prevent successive policy slippages.

Consequently, fiscal deficits remain high, structural adjustment stagnant, and the strategic objectives of high levels of savings and investment are far from being achieved.

"In recent years, many developing countries have made remarkable progress in reducing poverty," Chen said. This should be attributed primarily to their persistent efforts in adjusting, restructuring and opening up their economies.

It should be pointed out that, however, that despite their efforts in adjustment and reform, developing countries' exports to the industrial world are still subject to many restrictions.

Moreover, adverse external shocks have frequently disrupted their adjustment efforts and prevented the achievement of their objectives.

"With increasing interdependence in the world economy," Chen said, "It is hard to imagine that developing countries could improve their economies by relying solely on their own policy adjustment. [no close quotation marks as received]"

While efforts of developing countries are essential, industrial nations' initiative in creating favorable external conditions is also vital for economic growth in the developing world.

But by stressing the importance of developing countries' own efforts, industrial countries should not use this as an excuse for reducing their financial assistance and they must honor their obligations to promote the economies of the developing countries, Chen told the meeting.

He said progress in the Uruguay Round of multilateral trade negotiations has been disappointing. This has, and will, further slow the pace of global trade liberalization and has had negative repercussions on the world economy.

He appealed to major industrial countries to show genuine political will and make concrete efforts to bring the Uruguay Round to an early successful conclusion.

While the global economy is confronted with various difficulties, the Chinese economy has been growing steadily and living standards have continued to improve, he said.

China's reform experience over the past decade has proved that a gradual approach suited to its specific conditions has been an expedient one.

"We are confident that by continuing with this approach to its reforms and opening to the outside world, China will achieve even greater successes," he said.

### **XINHUA Analyzes West's Economic Recession**

*OW2109114792 Beijing XINHUA Domestic Service in Chinese 0439 GMT 21 Sep 92*

[“News Analysis” by XINHUA reporter Guo Xiren (6753 6932 0088): “Why Are the Western Economies Depressed?”—XINHUA headline]

[Text] Washington, 20 Sep (XINHUA)—The chairman of the Council of Economic Advisers to the U.S. President, Boskin, recently painted a gloomy picture of the Western economies. He said: “World economic growth is besieged by serious problems. The economic recession in Canada and Great Britain is lasting longer and getting deeper than that of the United States. The unemployment rate in Western Europe is hovering around the 10-percent level. Growth in Germany and Japan is lower than last year, and economic growth in the United States is sluggish.”

The economic forecast recently released by the IMF added a footnote to the above picture: The 1992 economic growth rate for developed Western nations will only reach 1.7 percent, which is lower than the 2.6 percent forecast in May. Moreover, the economic growth rate in the United States, Western Europe, and Japan will be 1.9, 1.4, and 2.0 percent, respectively, all lower than the May forecast.

Analysts here noted that for all the economies of developed Western nations to be in a recession at the same time is a rare event during the past decade. Although the economies of the Western countries are experiencing a recession due to reasons specific to each country, there are generally two main reasons.

First, during the 1980's, government, corporation, and individual debt in the United States increased in general, the value of land and stocks in Japan soared, and the German Government amassed a vast amount of debt because of the reunification of East and West Germany. These caused the recession in the Western economies. Moreover, the authorities mismanaged the situation, thereby exacerbating the problem. The United States made no effort to reduce the budget deficit when the economy was enjoying high growth, and this makes it impossible to take financial measures to stimulate the economy when there is a recession. Germany misjudged the cost of reunification, and when a huge budget deficit emerged it issued a large amounts of bonds and raised interests rates to attract foreign capital and suppress inflation at home. In order to stabilize their own currencies and keep their exchange rates in line with the Deutsche mark, the other Western nations have to raise their interests rates, thus slowing down the economies of Western Europe. In Japan, the era of allowing land and stock prices to soar freely is over, and when the economic bubble burst, measures to stimulate the economy were taken too late.

Second, the economic policies adopted by Western nations have only their own national interests in mind, as is clearly

seen in the conflicting policies on interest rates. To stimulate its economy, the United States has constantly lowered interest rates, while Germany keeps raising its rates to control inflation. This was especially true just after the G-7 summit this year when the ink on the communique was still fresh. On 16 July, Germany again raised its discount rate from 8 to 8.75 percent, causing the U.S. dollar to drop to a new postwar low against the Deutsche mark. Lately, there have been upheavals in the foreign exchange markets of West Europe, and the British pound and Italian lira have left the European Monetary System. The fundamental reason for this was Germany's high interest rates.

At an extraordinary IMF board meeting on 20 September, Lamont, the British chancellor of the Exchequer, pointed out that there are cracks in the coordination of Western economic policies, and this is mainly demonstrated by each country going its own way in monetary policy, particularly the unprecedented wide difference between the U.S. and German interest rates. He added that to restore stability in the market and the needed confidence for economic recovery, it is necessary to strengthen cooperation and work harder in policy coordination.

Analysts held that in view of the obvious lack of stimulants for Western economies, the recession will continue for some time.

#### UN Representative Comments on Yugoslav Membership

OW1909192792 Beijing XINHUA in English  
1859 GMT 19 Sep 92

[Text] United Nations, September 19 (XINHUA)—The U.N. Security Council today moved to suspend Yugoslavia from the activities of the General Assembly until its re-admission.

In a resolution adopted by a vote of 12 with three abstentions at a meeting this afternoon, the council said the Federal Republic of Yugoslavia consisting of Serbia and Montenegro "cannot continue automatically the membership of the former Socialist Federal Republic of Yugoslavia in the United Nations."

Yugoslavia, a founding member of the United Nations, disintegrated after four of its six republics declared independence last year and the European Community, pushed by Germany, first recognized the independence of Croatia and Slovenia in January.

The declaration of independence by the two former Yugoslav republics in June last year led to a civil war in the former Yugoslavia, which is still raging in Bosnia-Herzegovina.

Croatia, Slovenia and Bosnia-Herzegovina have since been admitted into the United Nations while Macedonia, another former Yugoslav republic which has declared independence from Yugoslavia, is awaiting recognition by the European Community and the rest of the international community pending the solution of a dispute over its name.

The Security Council in today's resolution asked the U.N. General Assembly to decide that the Federal Republic of

Yugoslavia should apply for membership in the United Nations and that it shall not participate in the work of the General Assembly.

This is the first time in U.N. history that a U.N. member is suspended from the organization in such a situation.

In earlier cases, India inherited the U.N. seat after British India split into India and Pakistan in 1947 while the Russian Federation obtained both the Soviet Union's seat in the United Nations and permanent membership in the Security Council following the dissolution of the Soviet Union at the end of last year.

China, India and Zimbabwe abstained in the vote.

In a statement made after the voting, Li Daoyu, China's permanent representative to the United Nations, said the continuity of the U.N. membership of the former Socialist Federal Republic of Yugoslavia should be settled properly through consultations and negotiations among all parties of the former Yugoslavia.

"We hold that the former Yugoslav republics should all be members of the United Nations and none of them should be excluded," he declared.

The Chinese ambassador expressed the view that any action taken by the United Nations concerning the membership of the former Yugoslavia should contribute to the relaxation of tension of that region and promote the political settlement brought about by genuine negotiations among various parties concerned.

"To isolate any of the parties concerned will not be conducive to the settlement of the question," he stressed.

He also pointed out that the council resolution does not mean the expulsion of Yugoslavia from the United Nations and the Federal Republic of Yugoslavia will continue its participation in the work of U.N. bodies other than the General Assembly.

It is expected that the General Assembly will take up the matter as soon as next week and the council recommendation will be accepted.

It is still not known when Yugoslavia will apply for the membership, but the council in the resolution promised to consider its application "before the end of the main part" of the current session, which may mean mid-December.

David Hannay, British ambassador to the United Nations, told reporters before the meeting that "the Belgrade authorities still have a long way to go before they win their way back into the international community."

Yugoslavia will have to obtain two-thirds of the votes at the General Assembly to be re-admitted into the now 179-member world body, which includes 46 Islamic countries.

Most of the Islamic countries are expected to vote against the re-admission as they charge that Yugoslavia has been supporting the Serbs in Bosnia-Herzegovina in their "ethnic-cleansing" effort against the Moslems, who account for more than 40 percent of the population in the republic.



## United States & Canada

### Effect of F-16 Sale on Arms Talks Viewed

HK2109095492 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 21 Sep 92 p 6

[Article by Si Chu (2448 2806): "U.S. Sale of F-16 Fighter Planes to Taiwan and the Five-Nation Arms Control Conference"]

[Text] The U.S. Government decided to sell 150 F-16 fighter planes to China's Taiwan Province on 2 September, disregarding the strong opposition of the Chinese Government. This act of open violation of the Sino-U.S. "17 August Communiqué," wanton interference in China's domestic affairs, and serious damage to the great cause of China's peaceful reunification has provoked the strong anger of the Chinese people. On orders from the Chinese Government, Deputy Minister Liu Huaqiu of the Foreign Ministry has lodged the strongest possible protest with the U.S. Government on this matter and pointed out that if the United States insists on acting willfully, then the Chinese Government and people will respond correspondingly. At the same time, he announced that until the United States reverses its decision on the sale of the fighter planes to Taiwan, it will be hard for China to take part in the five-nation arms control talks to be attended by China, Russia, the United States, Britain, and France.

What is the five-nation arms control conference? How is China's absence from the conference related to the U.S. sale of fighter planes to Taiwan?

U.S. President George Bush presented an arms control proposal for the Middle East on 29 May last year and suggested that the five permanent members of the UN Security Council—China, Russia, the United States, Britain, and France—consult on preventing the proliferation of weapons of mass destruction, as well as on the transfer of conventional weapons. Three rounds of meetings were subsequently held following an agreement reached by the five countries. The first session was held in Paris on July 1991, where a document entitled "Five-Nation Meeting on the Transfer of Weapons and the Prevention of Proliferation" was adopted. The London conference was held in October that same year, where the "Conference Communiqué" and "Rules on the Transfer of Conventional Weapons" were adopted. The Washington conference was held in May this year, where the "Provisional Rules on the Prevention of the Proliferation of Weapons of Mass Destruction" was adopted. The documents and agenda of the conferences concerned not only arms control in the Middle East, but also dealt with the questions of arms transfer and the non-proliferation of weapons of mass destruction worldwide.

As a permanent member of the Security Council, China participated in the conferences with a constructive attitude in line with its basic position of safeguarding world and regional peace, security, and stability, and helped the conference achieve positive results.

Always taking into account the overall situation of safeguarding peace around the world and in the Middle East and

attaching importance to the self-interests of the countries and people of the Middle East, China actively supported the proposals of the Middle East countries to establish a Middle East zone free of weapons of mass destruction and vigorously called for the realization of stability at a lower level of armament based on a principle of fairness, rationality, comprehensiveness, and balance at the conferences. China also repeatedly stressed that the big powers with the most arms exports to the Middle East should realistically adopt a restrained and responsible attitude, limit mass weapons sales to the Middle East, respect the aspirations of the people in the Middle East, and use practical actions to safeguard and promote security and stability in the region.

However, the fact that some participating countries totally ignored the security interests of the countries and people of the Middle East and displayed a lack of sincere self-restraint, as well as a lack of a responsible attitude, formed a sharp contrast that is highlighted in the issue of the five countries informing each other on the transfer of weapons. This act of staying clear of the enemy's main points and striking at his weak points, of putting the cart before the horse, and of only talking about "transparency" without taking actions not only impaired the five-nation conference from playing a larger, more effective role, but also would not bring any security to the people of the Middle East. When viewed in the context of what is widely known about a certain country turning on its propaganda machine to accuse other countries of weapons sales and, at the same time, stepping up its own weapons sales to the Middle East, this hypocritical act of talking while at the same time selling fully demonstrates the double standard of a certain country in restricting others while indulging itself on the question of arms control.

Under China's vigorous drive and insistence, the documents adopted at the conferences incorporated a series of principles with global significance. For instance: Arms control should observe the principle of fairness, rationality, comprehensiveness, and balance. The international transfer of conventional weapons should help bolster the legitimate defensive capability of the recipient country, prevent the escalation of tension in the concerned region, and not be used as a means to intervene in the domestic affairs of sovereign states. Under the premise of not jeopardizing the peaceful application of science and technology, no assistance may be extended to help countries develop nuclear, biological, and chemical weapons, while a strict control will be implemented on the export of facilities, raw materials, and technology related to these weapons. If these common principles agreed upon by the five countries are observed, they will be of importance and positive significance. However, in reality, the opposite is true.

The ink has barely dried with regard to the principles agreed upon by the five countries—notably the important principles on refraining from using military and trade issues to intervene in the internal affairs of other countries, and preventing the escalation of regional tension when the United States, one of the five countries, went back on its word and broke its promise by openly deciding to sell F-16

fighter planes to Taiwan, wantonly interfering in the internal affairs of China, and deliberately creating tension in the Taiwan Strait region.

The untrustworthiness of the United States has turned the agreement concluded at the five-nation conference into a worthless piece of paper. This seriously jeopardizes the foundation of the five-nation conference and has caused it to lose the positive significance and value originally found in its objectives and principles.

That a country should discard its reputation in pursuit of its own selfish interests can only undermine mutual trust among countries. If agreements concluded yesterday are willfully torn apart today, then who will believe that agreements concluded today will not suffer the same fate tomorrow? Under these circumstances, where lies the meaning of carrying on with the five-nation conference?

Owing to the aforementioned, until the U.S. Government reverses its decision on the sale of fighter planes to Taiwan, it is naturally difficult for China to participate in the five-nation conference. The U.S. Government must assume full responsibility for this.

Historically speaking, there are always those who break their promises and deceive themselves and others, but they also always fry in their own grease and reap their own bitter fruit in the end.

#### Professors Denounce U.S. for F-16 Sales

OW2009154292 Beijing XINHUA in English  
1506 GMT 20 Sep 92

[Text] Beijing, September 20 (XINHUA)—Chinese professors said today the U.S. Government's decision to sell F-16 fighters to Taiwan contravened the principle of international law and the Chinese Government has all the right to retaliate according to international law.

In an interview with XINHUA, Associate Professor Liang Shuying from the China University of Political Science and Law pointed out that the U.S. Government is making futile efforts to defend itself by using the "Taiwan relations act" as a pretext.

Liang, who once engaged in international law studies in the United States, said that the decision to sell F-16 fighters to Taiwan contravened its commitment to the three Sino-U.S. joint communiques, ran against its international obligations contained in the three communiques and sabotaged the principle of international law which requires the treaty to be abided by.

"The move constitutes a gross infringement upon China's sovereignty and also an interference in China's internal affairs," Liang noted.

She continued to say that the U.S. behavior directly hindered the great cause of peaceful reunification of China, adding that there is only one China and one government, and Taiwan is an inalienable part of China, which has become a fact recognized by the international community and by the U.S. Government as reflected in the three Sino-U.S. communiques.

Taiwan has been separated from China's mainland because of historic reasons, Liang said. "However, the economic, trade cultural contacts and exchanges between the Chinese people on both sides of the Taiwan Strait have increased greatly in recent years thanks to efforts of the Chinese Government and people, and the peaceful reunification of China which has long been the strong desire of the Chinese people has made fruitful progress."

Under these circumstances, the U.S. Government should, according to the three joint communiques, promote the reunification of China, Liang said.

"However," Liang noted, "the U.S. Government decided to sell sophisticated and offensive F-16 fighters in a large number to Taiwan to arm it, and support the Taiwanese authorities to continue the policy of separating it from the Chinese Mainland."

She said, if the U.S. action is not an infringement on China's sovereignty, an interference in China's internal affairs and a hindrance of the peaceful reunification of China, then what is it?

It is no doubt, she added, that the U.S. move ran against the spirit of the three Sino-U.S. joint communiques in which the U.S. Government claimed that it had no intention to infringe on China's sovereignty and territorial integrity, interfere in China's internal affairs and implement the policy of "two Chinas" or "one China, one Taiwan."

"Some people in the United States argued that the U.S. Government decided to sell fighters to Taiwan only because China purchased weapons from other countries," Liang said. "China, as a sovereign state, has all the right to adopt any measures to defend itself, including importing weapons from other countries."

"This accords with international law and is totally different from the U.S. move to sell fighters to Taiwan," she noted.

Liang continued to point out that the U.S. move also violated the purpose and principles of the U.N. Charter and the U.S. should bear the international responsibility.

"If the United States does not revoke its unlawful decision," she noted, "the Chinese Government has the right to adopt retaliating measures in the light of international law."

Associate Professor Liu Tingji from the China University of Political Science and Law told XINHUA that as is known to all, the Chinese and U.S. Governments reached agreements on the U.S. selling weapons to Taiwan in the Sino-U.S. August 17 joint communique of 1982.

Liu, who participated in many international meetings, said that in the joint communique the U.S. side promised its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends gradually to reduce its sale of arms to Taiwan, leading, over a period of time, to a final resolution.

At the same time, Liu pointed out, the U.S. side reiterated that it has no intention of interfering in China's internal

affairs, and that it does not seek to carry out a long-term policy of arms sales to Taiwan.

He said, "The United States should commit itself to the above-mentioned obligations."

According to the Vienna Convention in 1969, Liu said, the Sino-U.S. August 17 joint communique should be regarded as an international treaty and the communique should be abided by in line with the principles of international law.

Liu said, the U.S. decision to sell F-16 fighters worth billions of U.S. dollars to Taiwan not only contravened the requirements of the August 17 joint communique, but totally ran counter to the principle of "mutual respect for territorial integrity and sovereignty and non-interference in each other's internal affairs", which formed the basis guiding the Sino-U.S. relations and also the basic principle of international law.

"The U.S. decision cannot be accepted by any country," he said.

The "Taiwan relations act" is a U.S. domestic law," he said. [quotation marks as received] "According to international law, a country should not make any domestic law which goes against international law or international obligations it commits itself to."

However, Liu said, on the one hand the U.S. Government acknowledged that "the People's Republic of China is the sole legitimate government", "there is only one China in the world" and "Taiwan is part of China," on the other hand the U.S. Government dealt with Taiwan as an independent political entity in its "Taiwan relations act" and continued to sell weapons to Taiwan.

"The way the U.S. Government has behaved is not allowed by international law, and of course is opposed strongly by the Chinese Government and people," Liu said.

According to international law, he said, a country should not use its domestic law as a pretext not to abide by international law or not to commit itself to international obligations, just as stipulated in Article 27 of the Vienna Convention.

### **U.S. Arms Sales, Technology Transfer Criticized**

*OW2009214792 Beijing Central People's Radio  
in Mandarin to Taiwan 2200 GMT 19 Sep 92*

[Commentary by unidentified correspondent: "The United States Should Be Held Mainly Responsible for the Global Proliferation of Arms"; from the "News and Current Events" program]

[Text] Following U.S. President Bush's 2 September announcement to sell 150 F-16 jet fighters to Taiwan, he then approved the sale of 72 F-15 jet fighters to Saudi Arabia on 11 September. It has been learned that Washington will also sell jet fighters to Malaysia, Singapore, and the Philippines.

Some people have said that President Bush wants to take advantage of his presidential position by selling large quantities of weapons to foreign countries to gain votes. That is one of the reasons why he made these decisions, but in fact, such a massive export of arms is not new for the United States. Exporting weapons has long been a main support for the U.S. economy. During 1988 and 1989, the amount of weapons exported annually by the United States exceeded \$14 billion. In 1990, the amount of weapons exported by the United States rose sharply to \$18.5 billion, the highest in the world. In 1991, the amount of weapons exported by the United States to other countries was still as high as \$14.2 billion, accounting for more than half of weapons dealing in the world; therefore, even the U.S. Congress must admit that the United States is the leading exporter of weapons and must assume the main responsibility for the proliferation of conventional weapons in the world.

The strange aspect, however, is that the government of the number one weapons-exporting country considers itself an advocate and participant in arms control and even says its arms-dealing serves world peace. Nevertheless, facts speak louder than words. All people without prejudice can see that disturbances in hot points around the world are caused by U.S. weapons sales. There have been constant wars in the Middle East, and weapons used there have been procured primarily from the United States. More than half of the weapons exported by the United States have been sold to that region. From 1982 to 1986, the United States exported weapons worth nearly \$4 billion to Israel. During the Iran-Iraq war, the United States sold weapons with a total value of nearly \$24 billion to the two countries. In 1990, the value of weapons sold by the United States to Saudi Arabia alone reached \$14.5 billion. During the Gulf war, the United States became more active in selling weapons. The United States sold large quantities of weapons, including F-15 fighters, antitank bombs, and Patriot missiles, to a number of countries. Meanwhile, the United States has constantly sold advanced military equipment to its NATO and other allies. The United States has also sold large quantities of weapons to Latin America and the Asian-Pacific region. At the end of last year, the United States extended its weapons market to several former members of the Warsaw Pact in Eastern Europe.

In particular, it should be pointed out that the United States, while exporting weapons, has also transferred a good deal of military and technology to other countries. The United States has already transferred technology to more than 10 countries and regions the manufacture of Stinger antiaircraft missiles, Patriot missiles, and Sidewinder air-to-air missiles, as well as the production of F-16 and F-18 fighters. This has caused a serious proliferation of technology for producing advanced weapons in the world.

Faced with these facts, the people cannot be deceived. The United States' massive export of arms and technology transfers for manufacturing weapons have already constituted a threat to peace in the world. This is obvious to all.



**Foreign Minister Qian Qichen Arrives in New York**

OW1809202792 Beijing XINHUA in English  
2016 GMT 18 Sep 92

[Text] United Nations, September 18 (XINHUA)—Chinese Foreign Minister Qian Qichen and his party arrived here this afternoon after winding up his three-day visit to Tel Aviv, Israel.

Qian, state councilor and chief of the Chinese delegation to the 47th U.N. General Assembly, is scheduled to address the General Assembly during its general debate on September 23. His speech is believed to cover a wide range of issues facing the world today.

On September 22, he is expected to speak to an American audience on "the future of Sino-U.S. relations" sponsored by the Foreign Policy Association headquartered in New York City.

During his stay here, the Chinese foreign minister will also make wide contacts with heads of state or government as well as his counterparts of other countries, who are present here for the U.N. General Assembly.

Greeting Qian and his party at the Kennedy Airport are Li Daoyu, deputy chief of the Chinese delegation and China's permanent representative to the United Nations, and Zhang Weichao, Chinese consul-general in New York.

**Vice Minister on U.S. Trade Talks, Retaliation**

HK2109103592 Hong Kong HSIN WAN PAO  
in Chinese 18 Sep 92 p 4

["Special dispatch" from Beijing on 18 September: "Tong Zhiguang Says China Has Proposed to the United States That It Will Gradually Open Its Market in Three Years"]

[Text] Tong Zhiguang, PRC Vice Minister of Foreign Economic Relations and Trade, met with delegates of six chambers of commerce from Hong Kong here this morning. After the meeting, he told reporters: The Chinese side has proposed to the U.S. side that it will gradually open its market in three years. China has done all it can, and if this still cannot meet the U.S. side's demands, that will just be a matter for the United States. China has made the greatest effort in this respect.

Tong Zhiguang met with delegates of six Hong Kong chambers of commerce this morning. The group was paying a special visit to Beijing to consider the harm Clause 301 will probably cause to Hong Kong.

Tong Zhiguang was interviewed by Hong Kong reporters after the meeting. He said: In this round of Sino-U.S. trade talks, China guaranteed the United States that it would gradually open its market in three years. The Chinese side adhered to the principle of "reasonableness, fairness, and practicality." China has done all it can, and we will have to see how the United States responds now.

He explained further: No country in the world is without import controls. In order to adjust to the GATT needs, China has been gradually modifying its import system. But this takes some time.

Asked whether or not three years are needed to adjust market openness, Tong Zhiguang pointed out: Of course, it takes at least three years. If there is not enough time, it is impossible to adjust it. He emphasized that the Chinese side has, in fact, basically met the U.S. demand. If this is not enough, it is just a matter for the United States. The Chinese side has made the greatest effort.

Asked how he viewed this round of Sino-U.S. talks, Tong Zhiguang said: The talks are bilateral. The Chinese side hopes the talks will not fail. But if the U.S. side does not want the talks to succeed, the Chinese side cannot decide alone, and the responsibility does not rest with the Chinese side, but with the United States.

Asked whether or not the Chinese side has any new proposals, Tong Zhiguang answered negatively: "No, we have taken all the steps we should."

Asked whether or not China will suffer more than the United States if the talks break down, Tong Zhiguang said: It is hard to comment on the question of any trade losses now, but they will affect both sides. Maybe the United States' loss will more than China's.

Asked whether or not China will put into practice the "Counter Hit List," Tong Zhiguang said: If the U.S. side puts its list into practice, China will, of course, retaliate. But this is not what the Chinese side wants to see. Finally, he said: The best way to resolve this dispute is for the U.S. side to accept the Chinese proposal.

It is learned that at this round of Sino-U.S. trade talks, the U.S. side demanded that China open its domestic market in one year, but that the Chinese side thought this was not enough time and rejected the idea.

**Tian Jiyun Comments on Sino-U.S. Economic Ties**

OW1809174092 Beijing XINHUA Domestic Service  
in Chinese 1436 GMT 18 Sep 92

[By reporter Wen Jihua (2429 4949 5478)]

[Text] Beijing, 18 Sep (XINHUA)—State Council Premier Tian Jiyun attended a reception to mark the 40th anniversary of the founding of the China National Cereals, Oils, and Foodstuffs Import and Export Corporation this evening. During his meeting with foreign entrepreneurs who had come to Beijing to take part in the corporation's celebration, he expounded on China's policy on grain imports and exports.

Party and state leaders, including Jiang Zemin, Yang Shangkun, and Li Peng, wrote inscriptions for the corporation and lauded the achievements it has scored since its founding 40 years ago.

Before the reception began, Tian Jiyun met with Guo Henian [Kuok Hock Nien], chairman of the Hong Kong Kerry Trading Company, Winston Wilson, president of the

American Wheat Association, and other foreign guests who had come to participate in the celebrations.

Tian Jiyun said: In recent years, China has succeeded in upgrading its farm production level considerably, but the variety of farm products is still unbalanced. With the development of the economy and improvement in people's living standards, China's demand for grain will continue to increase; therefore, China must continue to import grain from foreign countries. Of course, we also hope to export some surplus farm produce, including foodstuffs, cereals, and oils.

He said: We are very much willing to maintain good economic and trade relations with relevant countries, such as the United States, Canada, and Australia, in the area of cereals, foodstuffs, and oils.

Tian Jiyun said: We do not want to see our economic and trade relations affected by some political issues between China and the United States. If such a situation did occur, however, our country would not be responsible. Of course, we do not want to see this happen. We hope that these kinds of mutually beneficial and mutually needed economic and trade relations will be strengthened.

More than 1,300 Chinese and foreign guests, including Zhang Jingfu, Wu Yi, and Tong Zhiguang, attended the reception.

According to other sources, in the past 40 years, since the founding of the China National Cereals, Oils, and Foodstuffs Import and Export Corporation, the company has, through exporting and importing cereals, oils, and foodstuffs, accumulated a large sum of foreign exchange for our country's socialist modernization drive, promoted industrial and agricultural production and national construction in our country, ensured market supply, enhanced friendly contacts with various countries in the world, and made contributions to developing China's foreign trade. In the past 40 years, its trade volume with foreign countries has reached \$109.7 billion, accounting for 15 percent of China's total trade volume in the same period. Last year, its trade was \$5.736 billion.

Tong Zhiguang, vice minister of foreign economic relations and trade, Lin Zhongming, manager of the corporation, and some foreign guests spoke at the reception.

#### **Official Objects to U.S. Policy on Hong Kong**

*HK2009040192 Hong Kong WEN WEI PO in Chinese  
20 Sep 92 p 2*

[Report: "Beijing Reiterates Objection to U.S. Congress' Hong Kong Policy Act"]

[Text] A Foreign Ministry official today reiterated China's objection to the U.S. Hong Kong Policy Act because it constitutes interference in China's internal affairs and is harmful to Hong Kong's prosperity and stability.

The United States completed legislative procedures for the Hong Kong Policy Act yesterday. In response to this reporter's inquiry, a Chinese Foreign Ministry official said:

"We object to the U.S. Congress' adoption of this U.S. Hong Kong Policy Act. We maintain that this act constitutes interference in China's sovereignty and is harmful to the prosperity and stability of Hong Kong. Our stance, which has been consistent, remains unchanged."

#### **U.S. Objections to China's GATT Entry Assailed**

*HK1909075492 Hong Kong WEN WEI PO in Chinese  
19 Sep 92 p 2*

[Editorial: "GATT and Sino-U.S. Relations"]

[Text] In order to restore its GATT membership, China has made sustained efforts and considerable progress. Since China has confirmed the market economy and expanded its foreign economic relations and trade, there should be no real problem in restoring its GATT membership.

The United States' recent perfidious deeds, however, have led to setbacks in Sino-U.S. relations. Coupled with the failure to reach agreement at the Sino-U.S. trade talks, this has given rise to talk among U.S. Government officials and the media that the United States will obstruct China's reentry into GATT as a means of exerting pressure on and retaliating against China. Although the Bush administration has not officially stated its position, this kind of public opinion has not emerged without a good reason. Therefore, there is definitely a need to distinguish right from wrong in this issue.

First, we should be clear that GATT is an international, multilateral trade agreement and the yardstick for all member states engaging in foreign trade and formulating foreign trade policies. It is true, of course, that the United States, as a major economic power and for historical reasons, has considerable influence in GATT. It is not, however, the sole economic power, much less the supreme power in this international economic organization. Therefore, the United States has neither the right nor the ability to impose its policy by forcibly obstructing China's entry into GATT.

Established in 1947, GATT originally had 23 member states, including both China and the United States. At present, the organization has a total membership of 103 countries and regions, many of which differ in ideologies, nationalities, and religion. This does not, however, prevent them from coordinating foreign trade under GATT's provisions. Moreover, sharp trade contradictions also exist between trading powers and regional economic organizations that are also GATT members; for instance, the United States, Japan, and the Economic Community, and GATT acts as a mediator in effecting compromises, not as a means used by a particular side.

The main contents of GATT are reciprocal treatment and mutual benefits, the reduction of tariffs, unconditional most favored nation [MFN] status, and so forth. The restoration of China's GATT membership will promote the reform of its foreign trade structure and pricing structure and change the operating mechanisms of its state-run enterprises. On the other hand, it will open China's market to other member



states. Moreover, China's trade disputes with other countries can also be settled through negotiations within the scope of GATT. One can see from this that GATT and Sino-U.S. relations are two totally different issues. If the United States objects to China's reentering GATT, it completely violates GATT's objectives.

Second, if the United States obstructs China's reentering GATT, it does so not because it wants to settle their trade disputes, as GATT offers a better arena and conditions for the settlement of these kind of disputes. If the United States uses this card, it reflects that given the imbalance in the world setup, the United States' protracted economic recession, and the political maneuvers of the two major parties in the presidential election year, some U.S. politicians and advisers maintain that the strategy of using China to counterbalance the Soviet Union no longer exists and that the growing strength of China in its reform and opening up will threaten U.S. interests. In fact, this is a very ignorant and superficial view. People should not forget, however, that U.S. decisionmakers always formulate policies with this ignorant and arrogant attitude and have thus got into a real fix.

Leaving other things aside, granting MFN status to member states unconditionally is obviously what some U.S. politicians do not want, because if GATT restores China's membership, the United States will be no longer able to use this to threaten China each year and will thus lose a means of exerting pressure.

In fact, everyone with insight knows very well that today's sluggish U.S. economy and huge trade deficit were not caused by China and that it is impossible to resolve these problems by obstructing China's reentry into GATT. The U.S. trade deficits with Canada, Germany, and Japan are much higher than its trade deficit with China.

The United States blockaded and encircled China for over 20 years and finally had to normalize relations. China is not a threat to the United States, and their relations should be built on a basis of mutual benefit and trust. The idea that China must look to the United States for help or that China will only suffer if Sino-U.S. relations deteriorate is ridiculous. Socialist China, with a population of 1.1 billion, did not, does not, and will not yield to pressure from any power. Moreover, the powers have never succeeded in their attempts to bully the new China. However, we should see that the American people are pragmatic and the authorities must not close their eyes to real U.S. interests. Therefore, U.S. objections to China reentering GATT only reflect the policy confusion and contradictions of the present U.S. administration.

### Central Eurasia

#### Li Peng on 'Great Importance' of Yeltsin Visit

OW1809145092 Beijing XINHUA in English  
1440 GMT 18 Sep 92

[Text] Beijing, September 18 (XINHUA)—Chinese Premier Li Peng said here today China attaches great importance to Russian President Boris Yeltsin's visit to China scheduled for December.

In a meeting here with a delegation from the Russian inspection organ, Li added that relevant departments of the two countries are making preparations for the visit.

Li extended a warm welcome to the first delegation from the inspection department of the Russian Federation led by chief state inspector I.I. Boldyrev [name as received] of the control department of the president's administration.

Li said that China is willing to maintain and develop friendly and good-neighborly relations with the Russian federation on the basis of the five principles of peaceful coexistence.

"We believe that president Yeltsin's visit will produce a positive impact on the development of relations between the two countries," a Chinese official quoted Li as saying.

Boldyrev said Russia is ready to maintain the traditional friendly ties of cooperation with China and learn from China's experience in the area of inspection. He called the group's current trip "very useful."

The Russian delegation arrived here yesterday at the invitation of the Chinese Ministry of Supervision.

### Northeast Asia

#### Li Peng Briefs Japanese Guests on Deng's Reforms

OW1809143692 Beijing XINHUA in English  
1428 GMT 18 Sep 92

[Text] Beijing, September 18 (XINHUA)—Chinese premier Li Peng today praised Japanese business circles for attaching importance to Sino-Japanese relations.

At a meeting this afternoon with the 1992 delegation to China from the Japan-China Association on Economics and Trade, Li said the annual review shows Japanese economic circles' enthusiasm for developing Sino-Japanese relations.

Referring to this year's 20th anniversary of the normalization of Sino-Japanese diplomatic relations, Li said present good bilateral ties result from joint efforts by both countries.

China attached great importance to the Japanese emperor's coming visit to China and will work with the Japanese side to make the trip a complete success, Li said.

In a detailed account of China's reform, opening and economic development, he said Deng Xiaoping's remarks made in south China early this year had inspired the people's enthusiasm for building socialism with Chinese characteristics and further emancipation of the mind. As a result the pace of reform, opening and economic development had been accelerated.

He called the trend of China's economic growth healthy and said that while development was being accelerated, attention was also being paid to the enhancement of efficiency.

Li said the effect of the reform measures taken since the beginning of this year was good. An overall opening pattern has formed up along the coasts, rivers and border areas, resulting in the continuous expansion of economic and trade relations with foreign countries.

In the future, China will continue to focus on economic construction, adhere to the independent foreign policy of peace and learn from the advanced science, technology, managerial methods and cultural achievements of foreign countries, Li told the Japanese group which is led by the association's top advisor, Gaishi Hiraiwa, and president, Ryoichi Kawai.

Hiraiwa said a trend of steady growth has emerged in the Chinese economy, along with an increasing pace of reform and opening and closer economic ties with the outside world.

The Japanese association was willing to play a bigger role in further consolidating and developing Japan's economic cooperation with China, he said.

### **Tian Jiyun Meets Delegation**

*OW1909073492 Beijing XINHUA in English  
0655 GMT 19 Sep 92*

[Text] Beijing, September 19 (XINHUA)—Chinese Vice-Premier Tian Jiyun met with the 1992 delegation from the Japan-China Association on Economy and Trade at the Great Hall of the People here this morning.

The Japanese delegation is led by the association's top advisor Gaishi Hiraiwa, President Ryoichi Kawai and honorary advisor Eshiro Saito.

Zheng Hongye, president of the China Council for the Promotion of International Trade, attended the meeting.

The Japanese visitors arrived here Wednesday as guests of the council.

### **Southeast Asia & Pacific**

#### **Li Peng Receives Micronesian President**

*OW1809132092 Beijing XINHUA in English  
1259 GMT 18 Sep 92*

[Text] Beijing, September 18 (XINHUA)—Chinese Premier Li Peng held talks here today with Bailey Olter, president of the Federated States of Micronesia.

President Olter is on his first official visit to China at the invitation of his Chinese counterpart, Yang Shangkun.

According to an official from the Chinese Foreign Ministry, Li and Olter exchanged views on bilateral relations and regional and international issues, and they found common ground "on a wide scope".

Li said bilateral relations have developed smoothly since the two nations established diplomatic ties in 1989.

He told Olter that China has always attached importance to its relations with Micronesia and other South Pacific countries, and is willing to increase friendly contacts and mutually beneficial cooperation with Micronesia.

Li said he appreciated the efforts of the Micronesian Government and president Olter in developing relations with China.

During the meeting, Li briefed Olter on China's independent foreign policy of peace and China's stand for the establishment of a fair and reasonable new world order, both in political and economic terms.

Li said today's world is far from tranquil as regional conflicts and disputes between different states occur from time to time.

China's stand was that all conflicts and disputes should be resolved through peaceful negotiations and there should be no resort to force.

Olter said his country pursues the foreign policy of peace, friendship and cooperation, and in particular, attached importance to regional cooperation.

He said both regional and global issues should be discussed and solved by all countries concerned and should not be monopolized by one or two countries.

Olter told Li Peng that Micronesia will stick to the "one China" policy and will not develop official relations of any form with Taiwan.

He also invited Li to visit Micronesia.

Present at the talks were Qi Huaiyuan, director of the Foreign Affairs Office under the Chinese State Council, and Liu Huaqiu, vice-minister of foreign affairs.

Micronesia's Department of External Affairs Secretary, Resio Moses, also attended the talks.

Olter arrived here yesterday and then met his host, President Yang Shangkun.

### **Cooperation Documents Signed**

*OW1909132492 Beijing XINHUA in English  
1247 GMT 19 Sep 92*

[Text] Beijing, September 19 (XINHUA)—Representatives of the Chinese and the Micronesian Governments today signed three documents relating to cooperation in the areas of culture, economics and technology.

Chinese President Yang Shangkun and Bailey Olter, president of the Federated States of Micronesia, were present at the signing ceremony.

The documents detailed:

- An agreement on cultural cooperation under which the two countries will exchange personnel, books and other items of interest
- Accounting procedures for an economic and technological cooperation agreement negotiated in 1990, under which the Chinese Government is providing 10 million yuan in loans (about 1.8 million U.S. dollars) to Micronesia between 1991 and 1995 to fund cooperative projects between the two countries
- The inspection procedures on a multi-functional convention center to be built in Micronesia, and the gift to Micronesia of six Chinese-made jeeps worth 1.5 million yuan (about 0.27 million U.S. dollars).

After the signing ceremony at the Diaoyutai State Guesthouse, Yang said goodbye to Olter. Both agreed that the visit has been successful.

Yang said China and Micronesia share views on many issues. He also expressed the belief that bilateral relations will be developed further following president Olter's visit.

Olter said he is looking forward to learning more about China. He is to visit Dalian, Guangdong and Shenzhen.

#### **Deputy Foreign Minister Arrives for Talks in SRV**

*BK2009032292 Beijing Radio Beijing in Vietnamese  
1400 GMT 19 Sep 92*

[Text] Xu Dunxin, China's deputy foreign minister, arrived in Hanoi on 18 September to attend talks with his Vietnamese counterpart. These are the first talks between the two deputy foreign ministers since the normalization of Sino-Vietnamese relations.

When visiting Vietnam in February this year, Foreign Minister Qian Qichen exchanged views and reached agreement with his Vietnamese counterpart, Nguyen Manh Cam, over the talks between the two countries' Foreign Ministries.

Upon arrival in Hanoi, Deputy Foreign Minister Xu Dunxin told a XINHUA correspondent that since the high-level Sino-Vietnamese summit conference in November last year, relations between the two countries have been marked with fine development. Certain problems, however, still persist.

In the present talks, the two sides will review the development of their bilateral relations over the past 10 months and will, at the same time, exchange views aimed at promoting the further development of these relations.

Deputy Foreign Minister Xu Dunxin said: Before the end of this year, Prime Minister Li Peng will visit Vietnam as a reciprocal gesture for the visit to China of his Vietnamese counterpart. These talks are also designed to prepare for the prime minister's upcoming visit to Vietnam. In addition, the two sides will exchange views on international and regional matters of mutual interest.

#### **Xu Meets Foreign Minister**

*OW2009142792 Beijing XINHUA in English  
1418 GMT 20 Sep 92*

[Text] Hanoi, September 20 (XINHUA)—The development of friendly and cooperative relations with Vietnam was the decision of the Chinese Government and its leaders, Xu Dunxin, Chinese vice foreign minister, said here today.

He was speaking at a meeting with Vietnamese Foreign Minister Nguyen Manh Cam. He said China would make continuous efforts to promote its relations with Vietnam.

Xu, who arrived here on Friday, held two days of negotiations with Vietnamese Vice Foreign Minister Vu Khoan. He said they were held in a friendly atmosphere and the two sides discussed the issues concerning the Chinese Premier Li Peng's coming visit to Hanoi later this year.

The Vietnam foreign minister said the Vietnamese top leaders attached great importance to Li's coming visit.

#### **Border Talks Planned**

*OW2009134492 Beijing XINHUA in English  
1334 GMT 20 Sep 92*

[Text] Hanoi, September 20 (XINHUA)—China and Vietnam are to hold talks on border and other territorial issues in Beijing next month, a high level Chinese official stated here today.

The statement came after two days of talks that Chinese Vice Foreign Minister Xu Dunxin, who arrived here Friday, held with his Vietnamese counterpart Vu Khoan.

In the talks, the first between vice-foreign ministers of the two countries since China and Vietnam normalized relations, they also discussed the upcoming visit of Chinese Premier Li Peng to Vietnam.

They agreed it would be of great importance to the development of relations between their two countries.

Xu also met with Vietnamese Foreign Minister Nguyen Manh Cam.

Xu leaves Vietnam tomorrow for Cambodia.

#### **Arrival in Cambodia Reported**

*OW2109071092 Beijing XINHUA in English  
0649 GMT 21 Sep 92*

[Text] Phnom Penh, September 21 (XINHUA)—Chinese Vice Foreign Minister Xu Dunxin arrived here this morning for a three-day visit to Cambodia.

Xu is expected to meet with head of state and president of the Cambodian Supreme National Council (SNC), Samdech Norodom Sihanouk, and SNC members Hun Sen and Khieu Samphan.

The vice-minister will also meet with Yasushi Akashi, special representative of the United Nations secretary general and president of the U.N. Transitional Authority in Cambodia (UNTAC), and Chea Sim, president of the Cambodian People's Party.

Xu is scheduled to leave Cambodia on Wednesday.



## Political & Social

### Deng's Children Reportedly Win Congress Seats

OW1809142792 Tokyo KYODO in English 1415 GMT 18 Sep 92

[Text] Beijing, Sept. 18 KYODO—Two of Chinese patriarch Deng Xiaoping's children have been elected deputies to this fall's 14th Communist Party Congress, Chinese sources said Friday [18 September].

If confirmed, the elevation of eldest son Deng Pufang and second daughter Deng Nan to the congress suggests nepotism still rules where party patronage is concerned.

Deng Pufang currently chairs the All-China Federation of the Disabled while his sister is vice minister of the State Science and Technology Commission.

Meanwhile, the sources said reputed hardline newspaper chief Gao Di has also won a congress seat despite missing out in central party organ elections held in June.

Gao, 65, is editor-in-chief of PEOPLE'S DAILY [RENMIN RIBAO], the party's official mouthpiece.

There has been much speculation in recent months that Gao would be forced to step down from the job to make way for a more reform-minded individual.

The sources said Gao had tried all manner of means to secure a congressional seat since losing out in June.

He finally won the right to represent Jilin Province in northeastern China, they said.

Gao, a former mayor of Jilin, was party general secretary of the province from 1983 to 1985.

But given that he now heads a central party organ, it is unclear how he qualifies to represent Jilin, the sources said.

### Article Views Deng's Approach to Marxism

HK1809114392 Beijing JINGJI RIBAO in Chinese 15 Sep 92 p 3

[Article by Zhang Yongqian (1728 3057 6197): "Studying Marxism-Leninism by Grasping Its Applicable Essence—Also on Deng Xiaoping's Scientific Attitude Toward Marxism-Leninism-Mao Zedong Thought"]

[Text] In his talks during the inspection tour of the south, Comrade Deng Xiaoping criticized some theorists who used to intimidate people with "terrible labels" [da mao zi 1129 1604 1311] and pertinently pointed out the need to "study Marxism-Leninism by grasping its essence and by applying it to practice." This is an issue that theoretical workers should consider in earnest.

**The connotation of "studying Marxism-Leninism by grasping its essence" includes three points:**

First, we should select the essential materials for our studies. The Marxism-Leninism classics have substantial content and there are a very large number of them. "The books are enough to make the ox carrying them sweat or to fill a house

to the rafters." Moreover, the Marxist classical writers generalized their theories according to the social practice in the early stage of capitalism in the West and the social, economic, and cultural background of such "imported goods" is far different from our current conditions. Without sufficient background knowledge and considerable effort, it is impossible to fully and deeply understand these theories. For cadres engaged in practical work, and for the broad masses of people, it is unrealistic and unnecessary to read all or most of the works. This is precisely what a small number of people engaged in theoretical research should do. When cadres and the masses study Marxism-Leninism, they should mainly select a number of most important works (including Comrade Mao Zedong's works) which pinpoint and epitomize the basic principles of Marxism-Leninism and thus understand the truth revealed by the theories with the help of the explanatory notes and annotations given by the experts. As an ancient saying goes: "The meaning can be understood directly through simple expression and an original idea may be developed through a new method of dissemination." If we can grasp the quintessence when explaining the classics, not only explaining the exact meaning but also developing some "original" ideas by combining the theories in the classics with the current realities, then we are studying and applying the Marxist-Leninist theory in a right way.

Second, when reading the classical works, we should deeply and thoroughly understand them. "The most important thing in study is understanding." When studying Marxism-Leninism, we should first understand the classical works we are reading, understand the basic points therein, and make analysis in connection with facts in reality through independent thinking. The Marxist-Leninist classics not only present profound and well-organized theories but are also deeply linked practical issues in a wide scope. It is not easy to understand them. One may still not understand an essay by the classical writers after reading it several times. After understanding what it means, we should still see whether such theories have been tested in practice. If they are proved to be correct through tests in practice, we should still see whether they are general propositions or just conclusions on some specific events. If they are general propositions, that is, if they are truths universally applicable, then we must resolutely adhere to them and carry them forward resolutely. If they are conclusions over some specific events, we should see whether they are still applicable under today's circumstances and should make additions or revisions as soon as possible if they are not applicable or not completely applicable.

Third, it is necessary to grasp and understand the quintessence of the theory. The key to studying Marxism-Leninism lies in mastering the Marxism-Leninism-Mao Zedong Thought scientific world outlook and methodology and its quintessence lies in seeking truth from facts. Comrade Deng Xiaoping said: Marxism-Leninism-Mao Zedong Thought is an integrated system of science, while the principle of seeking truth from facts governs the whole of this gigantic system. Revolutionary teachers Marx and Engels always set great store by practice, always proceeded from the reality, and correctly answered many practical questions in their

times. Mao Zedong maintained and developed Marxism-Leninism by tightly grasping this fundamental point of Marxism, that is, seeking truth from facts and basing everything in the plans on reality. Comrade Mao Zedong's works did include some erroneous things in his later years. A major reason for such mistakes was his personal condition of being divorced from practice and his violation of the principle of seeking truth from facts. We should draw a lesson from this negative example. We respect Mao Zedong and still cherish his memory. If his erroneous things are brought back to today's practice this does not show respect for him but just treats him with irreverence.

What we recall from the past fully proves the truth that no matter how many Marxist-Leninist books one may have read, and no matter whether one may have correctly and successfully applied Marxism-Leninism to practice, once one deviates from the Marxist principle of seeking truth from facts and casts aside this essential point of Marxism, one will not be able to correctly understand the objective reality and correctly guide the practice and will certainly commit mistakes!

**The connotation of "studying Marxism-Leninism by applying it to practice" should include the following five points:**

In the new historical period, Comrade Deng Xiaoping set a good example in applying Marxism-Leninism to resolve new questions. In order to actually and effectively apply what we learn from Marxism-Leninism, we should earnestly study Comrade Deng Xiaoping's works and thought and emulate him in persistently upholding Marxism-Leninism-Mao Zedong Thought as an integrated ideological system and applying and developing it in the course of practice.

First, hold high the banner and safeguard the authoritativeness of Marxism. As we all know, Comrade Mao Zedong's mistakes in his later years, and especially the "Great Cultural Revolution," deeply harmed the vast number of cadres and ordinary people. After things which were thrown into disorder were set to rights, people's thinking became more active. When the party's "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" was being drafted, there were different opinions on the assessment of Mao Zedong's merits and demerits, and this caused confusion in people's minds. Comrade Deng Xiaoping firmly pointed out: "Affirmation of the historical role of Comrade Mao Zedong and explanation of the necessity to uphold and develop Mao Zedong Thought—this is the most essential point. We must hold high the banner of Mao Zedong Thought not only today but in the future." (*Selected Works of Deng Xiaoping* (1975-82) p 255) In that period, he repeatedly stressed this point in his talks on nine different occasions. This played a key role in guiding the whole party to sum up the experience and look to the future, unifying the thinking of the whole party, and closing the ranks. In 1979, the pernicious influence of Lin Biao and the "gang of four" had not been completely eliminated and a small number of people were doubtful about socialism, the dictatorship of the proletariat, the party's leadership, and Marxism-Leninism-Mao Zedong Thought. Deng Xiaoping then firmly pointed out: "To carry

out China's four modernizations, we must uphold the four cardinal principles ideologically and politically." (*Selected Works of Deng Xiaoping* (1975-82), p 150) He also gave a profound enunciation to the four cardinal principles, and laid the foundation for our national construction. When studying Marxism-Leninism-Mao Zedong Thought, we should behave like Comrade Deng Xiaoping in keeping a firm stand without any vacillation at crucial junctures.

Second, uphold the truth without being shackled by books and without having blind faith in authorities [quan wei 2938 1218]. As we all know, during the 10 years of the "Great Cultural Revolution" Mao Zedong became the object of worship and the personality cult developed to an extreme degree. After the downfall of the "gang of four," the comrade who took charge of the work of the Central Committee still adhered to the principle of "firmly supporting whatever Chairman Mao decided and persistently following whatever Chairman Mao instructed." Under this guideline, a large number of wrong verdicts could not be reversed, and many old cadres who were overthrown unreasonably could not be rehabilitated and could not return to office. The downfall of the "gang of four" still did not result in redressing the injustices and make people feel proud and elated. On 24 May 1978, when talking with two comrades in the central leadership, Deng Xiaoping pointed out: The "two what-ers" are not in conformity with Marxism. "Comrade Mao Zedong himself repeatedly said that some of his own statements were wrong. He said that no one can avoid making mistakes in his work unless he does none at all." (*Selected Works of Deng Xiaoping* (1975-82), p 35) These remarks challenged the prevailing view at that time and made a clean sweep of the wrong idea. What courage was needed to say this against the prevailing background! People certainly still remember that Mao Zedong treated intellectuals as part of the bourgeois class and he clearly and unambiguously expressed this during the "Great Cultural Revolution." Intellectuals were then classified as the "stinking ninth category." Shortly after the end of the "Great Cultural Revolution," Deng Xiaoping explicitly pointed out: In socialist society, the working class has fostered its own mental workers. "The overwhelming majority of them are already intellectuals serving the working class and other working people. It can therefore be said that they are already part of the working class itself." (*Selected Works of Deng Xiaoping* (1975-82), p 86) These words warmed the hearts of innumerable intellectuals and moved them to tears. At that time, such a thesis directly challenged a taboo. Because Comrade Deng Xiaoping and the party's Central Committee held a scientific attitude toward Marxism-Leninism-Mao Zedong Thought, they could lead the whole party to bring order out of chaos and break through the shackles formed by the "leftist" ideology.

Third, respect practice and the creativity of the masses and encourage the vast number of cadres to bravely make breakthroughs and carry out experiments, thus developing Marxism in practice. In 1978, the Central Television Station sent reporters to cover the new situation in Fengyang County, Anhui Province, after the downfall of the "gang of four." However, the reporters saw that innumerable hungry peasants dressed in rags were fleeing from famine in their

home villages and begging alms on their way to other provinces. They recorded these scenes on videotape and made a documentary film for internal reference. When the film was shown to leading comrades in the Central Committee, many of them shed tears that such things were still happening 30 years after the country was liberated. How could they account for this to the people? At that time, 18 peasant households in the Xiaogang production team of Liyuan commune in Fengyang County secretly adopted the method of sharing output quotas to each household. The rural reform was thus started. Today's contract responsibility system on a household basis with remuneration linked to output was thus gradually developed and improved. At that time, Comrade Wan Li, then secretary of the Anhui Provincial CPC Committee, supported the move by the peasants and sent a report to the Central Committee: "Some localities adopted the measures of 'assigning output quotas to households' and 'calculating pay to peasants according to their production.' Should these measures be allowed on a trial basis? The provincial party committee is willing to bear all responsibility if any mistake is made in this regard." Deng Xiaoping also warmly supported this bold and creative move. He said that in agriculture, the road should be broadened and the mind should be emancipated. The old concepts cannot solve new problems, so we need some new concepts. This is necessary not only in agriculture but also in industry. More methods should be worked out. Here, he respected practice and the masses' creative spirit. He also paid attention to the development of the overall situation and put forward the principles and policies for guiding the work throughout the whole country. When studying Marxism-Leninism, we should apply it to practice and should thus respect people's practical experience and dare to break through outdated conclusions. The leading figures and theorists can creatively develop Marxism because they base their policies and plans on the practice of the masses, including the practice by every one of us.

From the very beginning, there were different opinions on the establishment of the special economic zones and many people complained that the special economic zones were practicing capitalism. In 1984, Comrade Deng Xiaoping personally inspected the special economic zones. He said: "When establishing the special economic zones and pursuing the opening policy, we should have a principle. That is, we should give them a free hand rather than tightening up control over them. This time, after visiting Shenzhen, I am impressed by the prosperous scenes there." During his inspection tour early this year, he once again explicitly pointed out: The special economic zones bear the surname "socialism" rather than "capitalism." We should not fear to see more foreign-funded enterprises being set up there because public ownership remains the dominating factor in the economy and state power is still held in our hands. As long as we remain sober headed, we should not fear anything. He also praised the people in Shenzhen for their spirit of daring to dash ahead and take action. He said: Shenzhen's main experience is its courage to dash ahead. He warmly supported and affirmed Shenzhen's measures of selling land use rights, inviting tenders for construction projects, reforming the employment system, and setting up the labor

market and the building materials market. When commenting on such things as the stock market and the securities market, he said: People are allowed to observe and judge whether these things are good or bad, whether they are dangerous, and whether or not they can exclusively exist in capitalism and cannot be used in socialism but action must be resolutely taken to put them into operation on a trial basis. The trial itself is practice and judgment should be made by practice.

Fourth, accurately judge the situation, seize the key points, overcome obstacles, and persistently carry out the party's basic line. During his inspection tour to the south in the spring of this year, Deng Xiaoping said: "China should guard against rightism but should mainly prevent 'leftism.'" Since the downfall of the "gang of four," Deng Xiaoping has reminded us on many occasions that the rightist things were affecting us and that "leftist" things were also affecting us. It is necessary for us to continuously carry out struggle on two fronts against both rightism and "leftism." We should hold a clear-cut attitude and resolutely oppose the rightist and "leftist" erroneous deviations. This is the comprehensive principle for the struggle against deviations. In different periods, and under different circumstances, the struggle against deviations should be aimed at different main targets. In terms of philosophy, this is called the theory of key points. At present, what constitutes the main obstacle to our effort to quicken the pace of reform, opening, and economic development? The main obstacle comes from the disruptive effects of "leftism." In December 1990, Deng Xiaoping required us to clarify in theory the point that capitalism and socialism cannot be distinguished by such things as planning and market, because market exists in socialism and planned control also exists in capitalism. It is wrong to think that if any bit of market economy is developed, the country would move onto the capitalist road. Some people who stubbornly hold that "a planned economy is socialism and a market economy is capitalism" will find it hard to accept the viewpoint expressed by Comrade Deng Xiaoping. In the past decades, these people have formed a fixed "leftist" thinking pattern and they are used to first asking whether a thing bears the surname "capitalism" or "socialism" whenever they encounter it. They do not allow any experiments beyond the limits prescribed by them; otherwise, they will regard such unconventional practice as taking the capitalist road. The market economy, the joint-stock system, the existence of foreign-funded enterprises, the development of township and town enterprises, the factory director responsibility system, and the policy that allows the individual economy to develop to an appropriate degree are all considered by them as capitalist things. All "leftist" ideology criticisms bear a strong "revolutionary" color and are supported with quotations from Marx and Lenin. Thus, they are rather perplexing. Dogmatism, rigid thinking, following the beaten path, pursuing a national seclusion policy, clinging to the previous guideline of taking class struggle as the key link, and tending to deviate from the party's basic line are the main characteristics of the "leftist" erroneous tendency, which is the main obstacle to our country's reform, opening, and economic development at present. Comrade Deng Xiaoping clearly perceived this and he did



not agree to argue about these question and had no interest in arguing back and forth from theoretical concepts. Instead, he used practice as an answer to win more time. He said: "Not making people argue with each other was my invention." During his inspection tour early this year, he also pointed out: "Both planning and market are just means." This broke through the shackles of the "leftist" ideology and explicitly laid stress on preventing "leftism." His talks swept across the whole country like a gust of spring wind and the glacier of "leftism" began to thaw. The cause of building socialism with Chinese characteristics in our country continued to make giant strides ahead. Through studying Marxism-Leninism and enhancing the consciousness in carrying out the party's basic line, our cadres and the masses should be able to resist the disruptive effects of "leftism" and rightism. At present, it is particularly necessary for us to realize the serious harmfulness of "leftism," and to thoroughly understand the profound connotation of the proposition that "not only rightism but also 'leftism' can ruin socialism."

Fifth, paying attention to studying new issues; analyzing the state of social, economic, and technological development in other countries of the world; and putting forward new ideas, viewpoints, and theories. Although classical writers depicted the basic characteristics of socialist society, what is socialism remains a question that can be answered only through continuous explorations in practice. It would just be a mediocre person's idea to think that one may have acquired a 100-percent understanding of socialism if one can recite some statements by the classical writers. According to China's actual condition of having a large population and a weak economic foundation, Comrade Deng Xiaoping came up with the theory of building socialism with Chinese characteristics and the three-step strategic objective for China's development. Recently, in accordance with the positive and negative experiences in the international communist movement, and also China's experience over the past more than 40 years, he explicitly pointed out: "The nature of socialism is to emancipate and develop productive forces, to eliminate exploitation and polarization, and to eventually realize the entire people's common affluence." On the question of judging whether a thing bears the surname "socialism" or "capitalism," he said: "One should mainly see whether or not a thing is favorable to the development of productive forces in socialist society, whether it is favorable to increasing the comprehensive national strength of a socialist country, and whether or not it is conducive to enhancing the people's living standards." Recently, more and more people have accepted the proposition of "socialist market economy." All this reflects the new generalizations, new breakthroughs, and new developments.

Comrade Deng Xiaoping's viewpoint that science and technology constitute the primary factor of productive forces accurately generalized the relationship between contemporary science and technology and contemporary productive forces. When this thesis was attacked by the "gang of four" in 1975, they spread rumors about what Marx and Mao Zedong said. In 1978, when this was mentioned, some people still challenged: Did you consult what Marx and Mao

Zedong said? Even during the last two years, some people still insisted on referring to the classical works. In fact, Marx only said that "science is included in the productive forces" ("Scripts on Economics" from *Complete Works of Marx and Engels*, Vol 46, p 211) and Mao Zedong only said that "natural science is a weapon used by human beings to win their freedom" (in XIN ZHONG HUA BAO [NEW CHINA DAILY] on 15 March 1940) Some of their statements implied that science and technology are part of the productive forces but they did not explicitly express this viewpoint, not because they lacked insight but because they were confined by their historical limitations. Today, Deng Xiaoping came up with this thesis which not only demonstrated his great wisdom but was also an inevitable result of historical development.

When studying Marxism-Leninism, we should be good at studying the new situation, asking new questions, and making new generalizations. Thus, we can more effectively apply what we learn and the theory of Marxism-Leninism will also gain new vitality.

#### Political Impact of Shenzhen Riots Examined

HK1909023092 Hong Kong HSIN PAO in Chinese  
18 Sep 92 p 27

[Article by Jen Hui-wen (0117 1979 2429): "Shenzhen Riots Have an Impact on the CPC Hierarchy"—written in Beijing on 16 September 1992]

[Text] As everyone is aware, the sale of forms for new shares issued on 9 August in Shenzhen stirred up a panic buying by almost 1 million people, shocking the rest of China and overseas. Subsequent to this, on 10 August, more than 10,000 people took to the streets opposing corruption and irregularities. Onlookers along the streets numbered 50,000 to 60,000. This almost resulted in stock buyers rushing into Hong Kong.

Regarding this riot, which has been described by the authorities as the most serious incident in the country since 4 June 1989, people in Beijing political circles generally pointed out that it had cast a shadow over Deng Xiaoping's reconfirmation of the Shenzhen Special Economic Zone's achievements during his southern tour, provided a loophole which the conservatives in the party can take advantage of, and caused a setback for the reformers in the party. This indicates that it is not easy for China to realize the transformation from planned economy into market economy under the existing bureaucratic political system. During this transformation, it may experience many periods of suffering. Without complete and perfect legal standards, and without a large number of leading cadres who understand the economy, it is impossible to establish a healthy and normal shareholding system or a stock market.

#### "A Handful" Will No Longer Be Held Responsible

An informed source disclosed that the CPC authorities and the State Council had taken much account of the rioting in Shenzhen since the very beginning. Apart from instructing Shenzhen to take emergency measures to quell the riots,

they also required Shenzhen CPC and government leaders to investigate the cause of the riot and seriously sum up experiences and lessons.

On 17 August, Shenzhen City CPC Committee Secretary Li Hao and Mayor Zheng Liangyu admitted their mistakes with regard to the Shenzhen riots to the CPC Central Committee and the State Council, saying that they underestimated the enthusiasm of people outside Shenzhen for buying the shares and underestimated the corruption of Shenzhen officials. In particular, since Deng Xiaoping's reconfirmation of Shenzhen during his southern tour early this year, the Shenzhen leading group had become conceited and complacent and education for cadres on clean administration was sometimes lax and sometimes tight. Li and Zheng expressed their willingness to accept punishment. Subsequently, when reporting on his work to the Shenzhen City People's Congress Standing Committee, Zheng Liangyu once again admitted that there were serious irregularities during the sales of forms for the purchase of new shares issues.

People still remember that as soon as the rioting started, a Shenzhen government spokesman said that it was "a small number of bad people making trouble" and "a handful of bad people instigating trouble." Why did Zheng Liangyu change his attitude later and not reiterate these conclusions? The answer is this: Judging from the complaints lodged with the Shenzhen government's "complaint handling office" through about 800 letters and visitors up to 31 August, the principle of being "open, fair, and just" was not truly implemented during the sales of new shares on 9 August in Shenzhen. "Stock enthusiasts" who had come from thousands of miles got nothing after queuing up for days and nights, whereas banks, insurance companies, securities corporations, policemen, public security personnel, security guards, work personnel from industrial and commercial departments, as well as supervisory departments, embezzled over 50 percent of the forms through a variety of means. Prominent problems exposed by civilian complaints are: Some relevant persons in charge illegally distributed several thousand forms; some people requested these forms in the name of the collective and then distributed them among themselves; and some abused their rights to obtain forms by the back door. Obviously, the Shenzhen government spokesman tried to confuse right and wrong and shift the blame onto others by saying that "a handful" should be held responsible for the riots. How could Zheng Liangyu feel at ease if he harped on the same tune? In addition, mainland observers generally pointed out that these more than a million people wished to become rich when they scrambled for the purchase of forms, not to make trouble. Therefore, they could withstand the suffering caused by armed police belt whipping and electric batons. No wonder people in Beijing political circles said with deep feeling: "Where else can we find such good people?"

The informed source added that several veteran CPC leaders wrote instructions on 12 August in a report on the riots in Shenzhen. Peng Zhen, former National People's Congress chairman, wrote this instruction: The problem does not lie in issuing stocks but in the leading group's

disregard of the legal system and party discipline. The instructions of Bo Yibo, vice chairman of the Central Advisory Commission, were this: Comrade Deng Xiaoping frequently points out that a leading group must do "two types of work simultaneously," namely, they must pay attention to both reform and clean administration. The riots in Shenzhen reflected civilian resentment against cadre corruption.

Chen Yun, chairman of the Central Advisory Commission, described by people overseas as the conservative leader in the CPC, also gave instructions: Incidents like this will occur sooner or later. We should not judge the case as it stands. The crucial point is clean administration and the second point is that there is something wrong with the guidelines for issuing those stocks. He also proposed "five stabilities"—political stability, organizational stability, economic stability, stability in reform and opening up, and stability in society and popular feelings. As reported, Chen Yun's "five stabilities" theory has been generally accepted by people within and outside the party.

People in Beijing political circles pointed out that, in July, Chen Yun openly expressed his support for the establishment of special economic zones but did not comment on the Shenzhen Special Economic Zone; he only stressed the need for special economic zones to constantly sum up their experiences. It is believed that the riots in Shenzhen will make Chen Yun firmer in sticking to his original position on Shenzhen. In other words, Chen Yun will be more unlikely to hastily confirm the achievements of the Shenzhen Special Economic Zone.

### **Zhu Rongji Suffered Pressure**

The informed source also said that the riots in Shenzhen stirred up a wave in the State Council of affixing responsibility for the riots. At a State Council meeting on 19 August, several state councillors including Li Tieying and Chen Xitong said that the State Council had responsibility for the Shenzhen riots. State Councillors Li Guixian and Wang Bingqian accused a certain comrade in the State Council of "acting on his own." It is said that this so-called "certain comrade" refers to Vice Premier Zhu Rongji. At a State Council meeting, Vice Premier Yao Yilin also said: The State Council is a collective leadership; although there is division of work, we still have to communicate with each other and let each other know. This is an organizational principle of the party and the government, which enables us to make fewer mistakes and prevent some incidents. Premier Li Peng, for his part, said after the riots that the matter should be viewed from its general orientation and the cause of the problems should be uncovered and the problems solved, they should show their readiness to assume the responsibility for the problems at the State Council meeting.

People in Beijing political circles commented by saying: No matter what, the Shenzhen riots have caused heavy pressure on Zhu Rongji. A heavyweight theoretical article by Li Zhe in RENMIN RIBAO on 7 September talks about "peaceful evolution" and opposing "total Westernization" and accuses some people of advocating total Westernization under the banner of opening up and reform, in an attempt to



guide China to capitalism. On 13 September RENMIN RIBAO published an article by Wang Bingqian, the finance minister who had just been removed from office, urging the authorities to slow down economic development and to return to the centralized planned economy. Apparently, this has something to do with the radical move in Shenzhen stocks and the recent political climate in which the United States has changed its policy toward China. Under these circumstances, not only Zhu Rongji but other reformers in the CPC as well are suffering pressure.

#### What Policies Will Deng Xiaoping Adopt

Facing dual pressure from abroad and from within the party, what policies will Deng Xiaoping adopt? People in Beijing political circles pointed out that Deng Xiaoping will absolutely not change the basic line of "one central task, two basic points," a line which he has repeatedly clarified. In the meantime, he has also fully estimated that there are many difficulties in fulfilling the target he proposed during his southern tour—shifting from planned economy to market economy. What to do? "The materialization of a political line relies on the guarantee by the organizational line." We believe Deng Xiaoping will select central and local successors according to the criteria he has proposed. One is "selecting people commonly recognized as favoring reform and opening up and as having made achievements in their official careers," which he proposed during his southern tour early this year; the other is "promoting people with economic talent to leadership posts," which he proposed during an inspection of the Shoudu Iron and Steel Corporation in May. He aims to employ a large number of "century-spanning" (kua shi ji 6421 0013 4764) leading cadres in their forties or fifties, particularly cadres who really understand economics. Otherwise, his wish to build a market economic system in China will be empty talk.

Whether this policy by Deng Xiaoping will come true at the 14th CPC National Congress remains to be seen.

#### Li Peng Inscriptions on Various Occasions Noted

##### Inscribes for Instruments Seminar

OW1909141592 Beijing Central People's Radio Network in Mandarin 2230 GMT 18 Sep 92

[From the "News and Press Review" program]

[Text] The Fifth Multinational Seminar and Exposition on Instruments and Meters will open in Beijing on 22 September. Premier Li Peng wrote an inscription for the seminar: "Step Up International Technical Cooperation and Develop the Instruments and Meters Industry."

##### For Shenzhen Auto Factory

OW2109000292 Beijing XINHUA Domestic Service in Chinese 1551 GMT 20 Sep 92

[By reporter Jiang Shunzhang (5592 7311 4545)]

[Excerpts] Shenzhen, 20 Sep (XINHUA)—The Shenzhen Huari Automotive Enterprise Company Limited—the first

Sino-Japanese joint venture in the Shenzhen Special Economic Zone—held an inaugural ceremony for its automotive repair building here this afternoon.

Former Japanese Prime Minister Toshiki Kaifu and his wife were invited to make a special trip to Shenzhen from Japan to participate in the ceremony. Joining him at the ribbon-cutting ceremony were Wang Guangying, vice chairman of the National Committee of the Chinese People's Political Consultative Conference; Xie Fei, secretary of the Guangdong provincial party committee; Liu Weiming, vice governor of Guangdong Province; and Li Hao, secretary of the Shenzhen party committee.

Toshiki Kaifu delivered a speech at the ceremony. He said: This year marks the 20th anniversary of the normalization of diplomatic relations between Japan and China. In this sense, it is a year that deserves our commemoration. There can be stability in Asia only when Japan and China maintain a friendly relationship. [passage omitted]

State Council Premier Li Peng wrote an inscription for the company on 28 August 1992. It reads: "May the Huari Automotive Enterprise Company Limited enjoy continuous development." Toshiki Kaifu also wrote an inscription on 11 August. It reads: "May Huari's business expand day by day and Japanese-Chinese friendship continue from generation to generation." [passage omitted]

#### Catholic Church Holds Fifth National Conference

OW2109034492 Beijing XINHUA in English  
0310 GMT 21 Sep 92

[Text] Beijing, September 21 (XINHUA)—Some 270 Catholic bishops, priests and representatives from China's 30 provinces, autonomous regions and municipalities gathered last week in Beijing to discuss new problems facing the church and its future organization and missionary work.

The theme of the fifth national conference of the Catholic Church in China is to promote the church's independence while holding to patriotism.

The conference, which is held every five years, ran from Tuesday until Saturday [15-19 September].

Bishop Zong Huaide, chairman of the Chinese Catholic Patriotic Association and acting director of the Administrative Commission of the Catholic Church in China, told the conference that in the past five years the church had made great progress in organization and missionary work.

China now has about 3,900 churches and places of worship open to Catholics. More than 30 dioceses across the country have elected bishops or assistant bishops.

He said that since 1986 Catholic seminaries in China have trained more than 300 priests, some of whom were sent abroad to study. Seminaries have been set up in Beijing, Shanghai, Shenyang, Wuhan, Chengdu, Xian and Shijiazhuang. The Theological and Philosophical College of the Catholic Church in China, located in Beijing, is the highest and most prestigious.

There are about 700 students studying in Chinese Catholic colleges and the dioceses of Beijing, Shanghai, Wuhan, Nanjing, Shenyang, Guangzhou and Guizhou have also trained a lot of young sisters.

The bishop said the principle of "independence, self-reliance and self administration of churches" is the historic choice and the right of the Catholic Church in China.

### Qiao Shi Meets Participants

OW2009001392 Beijing XINHUA Domestic Service in Chinese 1331 GMT 19 Sep 92

[By reporter Zou Aiguo (6760 1947 0948)]

[Text] Beijing, 19 Sep (XINHUA)—Qiao Shi, member of the Standing Committee of the CPC Central Committee Political Bureau; Ding Guangen, alternate member of the Political Bureau, member of the Secretariat, and director of the United Front Work Department of the CPC Central Committee; and Chen Junsheng, state councillor, met with representatives to the Fifth National Conference of the Chinese Catholic Church at the Great Hall of the People today and congratulated them on the successful conclusion of the conference.

Prior to the meeting, Qiao Shi and other comrades had a cordial conversation with Bishop Zong Huaide, the newly elected chairman of both the Chinese Catholic Bishops College and the Chinese Patriotic Catholic Association, and other bishops.

Qiao Shi expressed the hope that Catholics throughout China will continue to hold aloft the banner of patriotism; steadfastly implement the principles of independence, self-rule, and self-management; and carry forward the glorious tradition of cherishing the country and religion in running the Catholic Church, thereby making China a modern socialist power and contributing more to the cause of the motherland's reunification and world peace.

### Li Ruihuan Attends Opening of Lecture Series

OW1909105892 Beijing XINHUA Domestic Service in Chinese 0451 GMT 19 Sep 92

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391) and XINHUA reporter He Ping (0149 1627)]

[Text] Beijing, 19 Sep (XINHUA)—A lecture series on "Reform, Opening up, and Economic Development in the 1990's" started this morning in Huarentang Hall at Zhongnanhai.

Li Ruihuan, member of the Standing Committee of the CPC Central Committee Political Bureau, together with leading cadres of the central party and state organs, mass organizations, the People's Liberation Army, and the districts and counties of the city of Beijing, over 1,000 in all, attended the opening ceremony.

The lectures by specialists in the capital's theoretical circles are sponsored by the Organizational and Propaganda Departments of the CPC Central Committee, the China

Association for Science and Technology, the Work Committee for Organs under the Central Committee, and the Work Committee for Central Government Organs for the purpose of studying in-depth the important speech made by Comrade Deng Xiaoping during his southern tour and the guidelines of the plenary session of the CPC Central Committee Political Bureau; broadening the cadres' horizons; and further pushing forward reform, opening to the outside world, and economic construction.

Xu Weicheng, deputy head of the Central Propaganda Department, presided over today's opening ceremony. He pointed out: The speech made by Comrade Deng Xiaoping during his southern tour is an important Marxist document. It is not only extremely significant as a document guiding China's reform, opening up, and the great cause of building socialism with Chinese characteristics, but also enriches and expands, in terms of theory, Marxism-Leninism and Mao Zedong Thought. In-depth understanding of and all-around implementation of the important speech by Comrade Deng Xiaoping and the guidelines of the Political Bureau meeting are an important task facing party cadres at all levels, senior and middle-level cadres in particular.

The first lecture was given today by Liu Guoguang, vice president of the Chinese Academy of Social Sciences, who expounded on some issues related to the theory of socialist market economy. In the days ahead, Fang Sheng, Liu Jinglian, Duan Ruichun, and Li Yining will give lectures on reform and opening up, use of capitalism, socialist market economy, intellectual property versus reform and opening up, the shareholding system, and securities market.

Leading officials of departments concerned, including Zhao Zongnai, Yu Yongbo, Zhu Guangya, and Chen Guangwen, also attended the opening ceremony.

### Zou Jiahua Writes Title for Book on Deng Talks

OW2009014792 Beijing Central People's Radio Network in Mandarin 1030 GMT 19 Sep 92

[From the "National Hookup" program]

[Excerpt] In keeping with the pressing demand across the country for further comprehending and implementing the spirit of Comrade Deng Xiaoping's talks made earlier this year, the XINHUA Publishing House will soon release a book, entitled *Accelerating Reform and Opening Up, Speeding up Economic Construction*.

Bo Yibo, vice chairman of the Advisory Commission of the CPC Central Committee, serves as the honorary adviser to the book's editorial committee. Vice Premier Zou Jiahua wrote the book's title.

The book is a collection of important speeches by party and government leaders, as well as decisions and policies adopted by the party Central Committee, the State Council, and various departments and local governments concerning the implementation of Comrade Deng Xiaoping's important talks since their publication earlier this year. [passage omitted]

**Chen Junsheng Speaks on Mass Organization Work**  
*OW1909081992 Beijing XINHUA Domestic Service*  
*in Chinese 0549 GMT 19 Sep 92*

[By reporter Zhou Lixian (0719 4539 2009)]

[Text] Beijing, 19 Sep (XINHUA)—Information obtained from the national working conference on the management of mass organizations, which closes today, shows that the development and management of our country's mass organizations have gradually been incorporated into the legal framework since the State Council promulgated the "Regulations on the Registration and Management of Mass Organizations" in October 1989. Of some 1,600 national-level mass organizations in the nation, some 1,200 have been accredited and registered, and of some 200,000 regional-level mass organizations, some 180,000 have been accredited and registered. Investigations into cases of serious violation of law have also been carried out against 120 mass organizations.

State Councillor Chen Junsheng spoke at today's meeting. He stressed: The work of managing mass organizations is one of the important functions of the government. Employing law and regulations to regulate the citizens' formation of organizations and organizations' activities are important means for managing mass organizations. Personnel working at civil affairs departments should keep in mind that the work of managing mass organizations must be subordinated to and serve the party's general tasks and goals; they should follow the party's basic line of "one central task and two basic points." It is necessary for them to safeguard the legitimate rights and interests of social organizations according to law so that these mass organizations will bring into play their enthusiasm for building socialism; however, they should also help prevent indiscriminate establishment of mass organizations. He said: All levels of government should attach importance to the work of managing mass organizations and place the work of managing mass organizations high on their agenda. Other relevant departments are also urged to earnestly assist civil affairs departments in the management of mass organizations.

**Former Culture Minister Wang Meng on Creativity**  
*OW1809133892 Shanghai JIEFANG RIBAO in Chinese*  
*10 Sep 92 p 7*

[Article by Wang Meng (3769 5536): "Subject Matter and Writers"]

[Text] I remember the remarks made by a playwright several years ago; he said: "Over the years, I have written about the fight against drought in the spring, and about flood prevention in the autumn." Although these remarks were made in a humorous vein, they did reflect the attention devoted by our society, as well as the writers themselves, to the subject matter of writings.

We commended novels that depicted the cooperative movement and strongly publicized poetry that described the Great Leap Forward. Around the period of the "Cultural

Revolution," we encouraged "writings on the 17 years since the founding of New China" and vigorously promoted modern drama. There was a kind of dreadful theory favoring writings that reflected a particular kind of social life under a given social system. This situation continued until writers were later urged to write about the "Great Cultural Revolution" and about "capitalist roaders," writings that were subjected to criticism after the fall of the "gang of four." Subject matter can spell success or failure. Our experience merits consideration.

To be sure, subject matter is important.

Of greater importance, however, are the writers; the wisdom, talent, courage, conscience, and creativity that they exhibit in their works, and the uniqueness, artistry, depth, and richness of their works. In particular, the value of writing will come to rest primarily on the writer's moral strength and quality after undergoing an historical stage and an historical period. Countless facts have corroborated this point.

In terms of subject matter, Soviet literature is without parallel. It has produced a new man in a new world that is good, promising, and noble. Although the Soviet Union has disintegrated, the artistic and moral idealism of its literature will live on forever. Its influence on Chinese writers (including this author) has not faded.

On the other hand, the subject matter of literary works in some developed countries is disgusting. These works are filled with sex, violence, iniquity, and an assortment of unbearable themes, such as darkness, fear, loneliness, and despair. To some of our comrades, it is a gross injustice that these countries have continued to exist, while the Soviet Union has failed to live forever and to advance.

Facts are quite different. This matter is too complicated to be explained clearly in this article. I need to address at least one issue. A rosy and great writing masks a certain measure of atrophy in creativity, imagination, individuality, and courage on the part of the writer. Comprising both good and bad elements, the other type of writers display the inexorably introspective and critical spirit that is essential to writers—the portrayers of an ideal country who exhibit insight and a pioneering spirit, pursue originality, and relentlessly explore the meaning of life. The first group of writers thrive on sound subject matter, while the second flourish on their own character. The former derive their strength from the power of their protagonists, while the latter draw their strength from their own power.

A Q [a fictional character in Lu Xun's "The True story of A Q"] is a pathetic, disturbing character. However, Lu Xun's profound, sharp insight and anguish are an eternal inspiration for us. Jia Baoyu and Lin Daiyu [the main characters in Cao Xueqin's classic novel "A Dream of the Red Chamber"] are two characters that do not have a future. Cao Xueqin, with his enormous talent and utmost compassion, however, erected a literary—as well as cultural—monument for our nation. "Model operas" abound with lofty and flawless characters, but they are remarkably lacking in creativity. For example, the libretto for "Neng Sheng Tian" [able to defeat the elements], "Chong Yun Tian" [rising



above the clouds], "Chong Xiao Han" [towering into the clouds].... Li Yuhe and Yang Zirong are so alike in content. They are all about fighting the "elements."

In other words, we should learn to devote greater attention to writers while showing interest in subject matter.

It is the writer's emotional strength that, first and foremost, decides a literary work's level and charm, not the choice of subject matter or character of his works.

Experience shows that the loss often outstrips the gain when society's demand for subject matter are met at the expense of undermining the writer's creative aptitude.

At present, the spring tide of speeding up economic construction, reform, and opening up is surging. Writings about economic construction, reform, and opening up are encouraged and welcome in all sectors. I am 100 percent for such writings. However, it does not mean that writings about foreign-funded enterprises, special economic zones, issuance of new stocks, and transformation of the operating mechanism are the most conducive to reform and opening up. In my opinion, cultivating a healthier mental attitude and garnering more wholesome mental energy for opening up and reform is a cause for which we writers can give a good account of ourselves. Flourishing literature and art is the hallmark of not only improved and bountiful living standards, but also the spiritual uplifting of the state and nation as a whole. Without such spiritual liberation and uplifting; without surging creativity, imagination, and initiative; and without the courage and insight to break outdated conventions, to take risks, and to blaze new trails, we would not be able to successfully carry out reform and opening up, and achieve the four modernizations. Writers and cultural life are pivotal for cultivating such mental quality. Just think: If all our literary works are like women with bound feet, that is, stereotyped scripts that follow the same pattern written on instruction, or in line with the wishes of higher-ups; if all our writers are feeble-minded and overcautious, always fearful and shivering; and if all our critics are men of little literary grace who like to strike a pose to scare people and put labels on others, will there be liberation of the spirit or full arousal of initiative? Will there still be a sound development of reform and opening up?

As far as writers and artists are concerned, reform and opening up is not only a change in policy and structure, and a change in economic life and an economic phenomenon, but it is also a spiritual state and a spiritual phenomenon. Reform and opening up is an appeal for and the emancipation of this spiritual force, and is also the result of this spiritual force exerting itself fully. When the life and experience of reformers and builders becomes more lively, and when the people's livelihood becomes more prosperous and their knowledge and perspective broader, how can our literature and art remain lifeless? Even if one writes about historical subjects, fairy tales, science fiction or private lives, they are all related to this major topic of our spiritual state. A sign of great hope in our cause emerges only when writers and artists become illuminated, lively, brave, astute, and active, and can exercise their talent on a variety of subjects at ease, not just on certain subjects. In this regard,

whether letting a hundred flowers bloom and a hundred schools of thought contend or letting one flower bloom and one school of thought contend, is not just a question of method, but is also a question of spiritual outlook which relates to the success or failure of building socialism with Chinese characteristics.

Let us think about literature and art's relationship with reform and opening up and with economic development from a more far-reaching and macroscopic angle. Let us respect and value the spiritual vitality of writers more. We are waiting.

### **Economics, S&T, Law Talent Group Founded**

HK2109011692 Beijing XINHUA Domestic Service  
in Chinese 0823 GMT 15 Sep 92

[Text] Beijing, 14 Sep (XINHUA)—The Chinese International Society of Economics, Science and Technology, and Law Talent was founded in Beijing today. Zou Yu, National People's Congress Internal and Judicial Affairs Committee vice chairman, was appointed its president.

The society will carry out comprehensive research in economics, science and technology, and law through various channels; explore the scientific mechanism for the combination of economics, science and technology, and law as well as the law governing their unification; and explore a way for building a new, comprehensive branch of science in China and bringing up new talented people to aid the state in meeting the needs of reform and opening up.

It was stated that this society will engage in research on the development of information, science and technology at home and overseas; provide economic, scientific and technological, and legal consulting services; conduct training of professional talented people, and conduct international academic exchanges and cooperation in economics, science and technology, and law.

### **Seminar on Court Enforcement Promotes Reform**

OW1909094292 Beijing XINHUA Domestic Service  
in Chinese 0543 GMT 19 Sep 92

[By reporter Zou Yun (6760 0061)]

[Text] Changsha, 19 Sep (XINHUA)—A seminar on coordinating enforcement efforts by law courts from 16 provinces, municipalities, and autonomous regions concluded in Changsha recently. Participants in the seminar asked law courts in all localities to strengthen coordination as an effective means of solving problems in enforcing legally binding verdicts within or outside the jurisdictions. Their appeal for better coordination was aimed at facilitating the efforts of law courts to protect the program of reform and openness and to promote a new socialist market order.

The number of economic disputes has increased as a result of the deepening drive toward reform and openness and the development of the economy. In recent years, courts in all localities have made remarkable progress in strengthening the trying of economic cases and the enforcement of verdicts. Nevertheless, efforts to enforce verdicts within or

outside the jurisdictions still face rather serious problems because of local protectionist practices. Failure to collect money through enforcement has forced some litigating parties to commit suicide. Some enterprises face the prospect of collapse because persistent failure to collect debts has affected their production and operations. Enforcement problems have gravely eroded the dignity of the legal system; they have also affected economic construction and social stability.

The participants noted: Courts in all localities should strengthen coordination, conscientiously uphold the way courts throughout the nation coordinate their law enforcement efforts, and firmly resolve problems involving enforcement outside the jurisdictions. First, they should protect the dignity of state laws by fighting and eliminating local protectionist practices. They should also strictly enforce state laws and relevant provisions formulated by the Supreme People's Court regarding enforcement procedures. They should not prevent courts in other areas from enforcing local statutes in accordance with the law. They should not stall, resist, or hinder enforcement efforts regarding cases entrusted to them or regarding cases in which they have been asked to assist. Rather, they should give priority to these cases over those arising locally. Second, they should exercise stricter supervision over enforcement efforts regarding cases entrusted to them, by moving gradually to institute and improve monitoring mechanisms. Courts at higher levels should firmly remedy the actions of subordinate courts if the latter refuse to accept or assist in cases that warrant their involvement. Moreover, higher courts should intercede promptly if the courts commissioned with enforcement efforts are prevented from enforcing the verdicts and if the latter cannot resist such obstructive actions by themselves. Should the need arise, courts at higher levels should transfer the cases to an intermediate or high court. Third, courts in all localities should take prompt actions to coordinate and assist in enforcement efforts regarding cases entrusted to them. Local courts should immediately come to the rescue of non-local courts and help eliminate interference if the latter encounter resistance in their enforcement efforts or if the law enforcers are attacked, beaten up, or detained illegally in the course of enforcement. If the misdeeds constitute interferences with the performance of official duties, local courts should actively cooperate with public security and procuratorial departments in taking stern actions.

#### **Plan To Care for Millions of Elderly Unfolding**

HK1909072292 Beijing CHINA DAILY in English  
19 Sep 92 p 1

[Report by staff reporter Wang Rong: "New Pro-Elderly Package Upcoming"]

[Text] The Chinese Government has taken steps to cope with the aging of its population—a universal problem of concern to the United Nations—a conference was told in Beijing yesterday.

The country has established a national network to look after its millions of aged citizens, according to Wang Zhaohua, chairman of the Chinese National Committee on Aging (NCA).

A package of activities is to unfold in the coming months nationwide to mark the 10th anniversary of a UN-instituted world action plan for the aging problem and to review China's accomplishments in the field, it was announced at a news conference in Beijing yesterday.

Since the NCA was formed 10 years ago, an elderly-oriented network consisting of official and unofficial bodies has been set up to provide various services to the senior group, and to create opportunities for social participation by the elderly, Wang said.

At the macro decision-making level, the UN-set goals—taking care of those over 80 and promoting social participation by those in the 60-80 age group—were translated into five-point guidelines in China, covering medical service, educational programmes, recreation, caretaking and participating in social activities, Wang said.

He said 35 percent of China's present 100 million retirees are still working in such fields as education, training, counseling, public service and business.

More than 2,500 universities and colleges exclusively for the elderly are now in operation, with more than 300,000 people enrolled. And about 2,000 manufacturers across the nation are contributing products especially for the use of the elderly.

It was also learned that a set of activities will be organized nationwide to celebrate the second World Elderly Day which falls on October 1, 10 days after China's traditional older people's festival on September 20 (the ninth day of the ninth month on the Chinese calendar).

More than a decade ago specialists started to call for nationwide concern over a "white-haired shock" predicted to coincide with a peak in senior population by the year 2000, when the number of people over 60 years old would reach 130 million, 30 million more than today and 10 percent of the total population.

The elderly population will jump by the year 2040 to 380 million, a quarter of the nation.

According to Wang, it takes only 18 years for China to transform from an "adult society" to an "aged society," compared with the usual 50-80 years in most other countries.

#### **Science & Technology**

##### **Geological Society Marks 70th Anniversary**

OW2009115392 Beijing XINHUA Domestic Service  
in Chinese 0822 GMT 20 Sep 92

[By reporter Zhu Youdi (2612 1635 2769)]

[Text] Beijing, 20 Sep (XINHUA)—The 70,000-member China Geology Society celebrated its 70th birthday today.

Speaking at a gathering of geologists today, Wen Jiabao, alternate member of the Secretariat of the CPC Central Committee, said: In the area of geological science and technology, we are faced with the challenges of speeding up its development and adapting it to more strenuous tasks. The fulfillment of new geological tasks is contingent upon the program of reform and openness as well as upon science and technology.

The China Geology Society is one of the earliest academic institutions established in China that is influential in geological circles at home and abroad. Since its inception, it has worked conscientiously under the theme of "patriotism and unity" to forge a close link between its own development and the development of China's geological science and geological programs. Wen Jiabao said: Comrade Deng Xiaoping's speeches during his spring tour of southern China have expedited the country's program of reform and openness as well as its economic construction drive. The new situation has generated new geological tasks. Geological work represents the preparatory stage of infrastructural projects and basic industries. Poor performance in this work will block relevant projects, in the same way that "a horse blocking the road prevents the advance of 10,000 horses."

Wen Jiabao said: Geological science and technology is aimed at understanding and revealing the laws governing the earth's structure and movements; it is also aimed at applying these laws to promoting progress in human society. The development of geological science and technology is closely connected with economic development, social progress, environmental protection, and human survival. Current research on geological science and technology is progressing from the primary focus on locating mineral deposits to an emphasis on resolving many major problems stemming from global changes and development. People are devoting more attention to comprehensive research on the earth's lithosphere and to the exploration of relevant dynamic mechanisms. Chinese scientific and technological personnel engaged in geology should bear the heavy burden of coordinating population control, resource development, environmental protection, and disaster prevention and mitigation. They should work relentlessly to promote the combination of research on geological science and technology with geological surveys. These efforts are aimed at promoting the integration of such research and surveys with economic construction. Moreover, these personnel should continue to work hard to secure an appropriate world status for China's basic geological theory.

Zhu Xun, president of the China Geology Society, reported on China's major progress in geological science and technology over the past 10 years. He said: We have made new progress in conventional disciplines and have constantly introduced new fields of study. Through scientific and technological cooperation and exchanges with foreign countries, China has rapidly improved the standards of its geological science and technology. Quite a few disciplines have reached the advanced international standards of the late 1980's, while a few have achieved advanced international levels. We should make full use of our country's complex and varied geological conditions to perform more

thorough and concrete tasks, work with practical information in pertinent endeavors, strive to devise new scientific theories on geology, and make new contributions to the development of world geological science. Zhu Guangya, chairman of the China Science and Technology Association, also spoke at the gathering.

Participants in today's gathering included several hundred geological scientists from various sectors and departments, such as geology and mineral resources, metallurgy, nonferrous metals, petroleum, coal, the China Science and Technology Association, the Chinese Academy of Sciences, building materials, gold, chemicals, and light industry. Other participants included geologists from Taiwan and foreign geologists of Chinese ancestry. These participants will hold an "academic seminar on the development and outlook of modern geological science."

#### **Song Jian Inscribes Title for Publication**

OW1809134592 Beijing XINHUA Domestic Service  
in Chinese 0841 GMT 18 Sep 92

[Excerpt] Beijing, 18 Sep (XINHUA)—Not long ago, relevant departments of the State Science and Technology Commission and the Chinese Academy of Sciences [CAS] decided to compile a series "Famous Scientific Research Academies and Institutes of China" for the scientific and technological circles, and compilation work has now begun on all fronts. [passage omitted]

Song Jian, State Councilor and minister in charge of the State Science and Technology Commission, inscribed the title of the series. [passage omitted]

#### **Military**

#### **Border Defense Units Meet on Coastal Defense**

OW1809110392 Beijing XINHUA Domestic Service  
in Chinese 0540 GMT 18 Sep 92

[By Reporter Cai Guicun (5591 3802 2625)]

[Text] Xiamen, 18 Sep (XINHUA)—The forum on coastal defense management held a short while ago in Fujian emphasized the need to strengthen management in this regard under the new situation in order to create a more stable and peaceful environment for the coastal region and the whole country, and to ensure that reform, opening up and economic development proceed smoothly.

At the meeting, representatives from the border defense committees of 11 provinces and municipalities and 5 military regions, as well as specially invited units, reviewed and exchanged experience on coastal defense management, and explored issues on how to implement this task at the grass-roots level. The meeting held that coastal defense management must be better geared toward reform, opening up and economic development, and should establish four concepts in the area of ideological understanding, and actions. They are: The concept of service by working hard to maintain order along the coast and at sea, and creating an environment conducive to trade, economic, technological



and cultural exchanges, as well as foreign investment. The concept of "grasping with both hands" by tackling on the one hand reform and opening up, and on the other hitting hard at illegal and criminal activities so that various undertakings can proceed smoothly. The concept of stability by ensuring a secure and stable environment for reform, opening and economic development. The concept of overall interests. All management departments must submit themselves to the needs of the overall situation, and coordinate willingly and closely.

Luo Gan, acting chairman of the State Border Defense Committee and secretary general of the State Council, spoke at the meeting. First of all, he affirmed the achievements of coastal defense management in China. He stressed: With a realistic, innovative and pioneering spirit, we must bravely explore a new method of coastal defense management which is applicable to the new situation and compatible to the state of affairs in China. At the present moment, we must step up theoretical research in coastal defense management under the new situation, form and perfect the rules and regulations governing them, boldly explore the methods for their reform, and do a good job in building their infrastructure. Party, government and military leaders at all levels in the coastal areas must accord proper attention to coastal defense management to ensure that this task is truly implemented at the grass-roots, and to work hard to break new ground in this regard.

Li Chang'an, deputy secretary of State Council; Xu Huizi, deputy chief of general staff; Zhou Wenyuan, deputy director of the General Political Department; Chen Guangyi and Jia Qingling, respectively, party committee secretary and governor of Fujian Province, attended the forum.

#### **PLA Fleet Lays Cable in South China Sea**

*OW2009014692 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 19 Sep 92*

[Announcer-read video report by reporters Chen Jianzhong (7115 1696 0022) and Du Huanzhuang (2629 3562 1104); from the "National News Hookup" program]

[Text] Installation of high-precision cables in the South China Sea was satisfactorily completed this August. The South China Sea Fleet of the People's Liberation Army [PLA] took part in the installation job. So far, the South China Sea Fleet has measured a total of over 1.5 million km's distance of water depth in the South China Sea, conducted surveys and drawn up more than 900 nautical charts, obtained over 1 million relevant pieces of data, and provided adequate survey and mapping necessary for further exploitation of the South China Sea.

During the period of the installation job, the South China Sea Fleet established an advanced navigation system to ensure the navigational safety of aircraft and surface vessels in the South China Sea. The underwater cables, measuring more than 1,800 km in length, installed by the Fleet guarantees smooth communications.

Besides braving stormy seas, the Fleet rescued over 100 Chinese and foreign vessels and over 1,000 people having problems in the South China Sea. The South China Sea Fleet was commended several times by leading cadres of the Central Military Commission and the three General Departments of the PLA for the outstanding, meritorious services it rendered in carrying out construction in and safeguarding of the South China Sea.

#### **Economic & Agricultural**

##### **New Finance Minister Liu Zhongli Interviewed**

*OW1809222792 Beijing XINHUA Domestic Service  
in Chinese 1334 GMT 18 Sep 92*

[Interview with Finance Minister Liu Zhongli by unidentified XINHUA reporters in Beijing on 18 September; reported by Chen Ming (7115 2494) and Zhu Baihua (2612 4101 2901)]

[Text] Beijing, 18 Sep (XINHUA)—In a special interview with XINHUA reporters today, newly appointed Chinese Minister of Finance Liu Zhongli expressed his views on the current economic situation; on how to improve China's financial work, increase revenues and cut expenditures, and reduce the financial deficit; and on other issues such as internal and external debt and reform of the financial structure.

[XINHUA] Currently, the economy is developing fairly quickly. How do you appraise the current economic situation?

[Liu Zhongli] After three years of efforts to improve the economic environment and rectify the economic order, economic development in our country has entered a new period. Particularly, the important remarks made by Deng Xiaoping during his south China tour have aroused the enthusiasm of the people of all nationalities across the country for reform and opening to the outside world. The national economy is growing at a fast speed. Currently, although problems such as excessive investment and loan scale, an irrational economic structure, and slowness in upgrading economic efficiency still exist, economic development is still in a controllable state of healthy operation, and prospects are good. Of course, we should not treat existing problems lightly. As long as we can keep the scale of investment and loans under control, alleviate inflationary pressure, continue adjusting the economic structure, and raise enterprises' economic performances, we will be able to maintain the momentum of rapid economic growth.

[XINHUA] Since your appointment, what, in your opinion, is the most urgent task to be carried out?

[Liu Zhongli] Mainly, we should grasp the following three tasks: 1) We should continue to implement the important remarks made by Comrade Deng Xiaoping during his south China tour and the relevant guidelines of the Central Committee and the State Council, accelerate the pace of reform and opening to the outside world, and speed up development of the national economy in a still better way.

This is the primary task for the present and for some time in the future. 2) We should make serious efforts to collect revenue, cut down expenditures, control subsidies, and successfully fulfill the state budget approved by the National People's Congress at the beginning of this year. Meanwhile, we should do a good job in estimating and planning next year's budget. 3) The party's 14th National Congress will be held this year, during which a blueprint and major policies on reform and development will be drawn up. The Ministry of Finance, as a department in charge of comprehensive management of the national economy, should go all out to implement the guidelines of the congress.

[XINHUA] How do you achieve a balance between revenue and expenditures, cut down the financial deficit, and scale down subsidies?

[Liu Zhongli] Maintaining a balance between revenue and expenditures and eliminating the deficit will be our target for a long time to come, and it is also the wish of the people. China's deficit has continued to grow in the past few years, but it was not the product of economic recession; instead, it stemmed from the strong demand for capital needed by the economic expansion, as well as the irrational distribution system in the process of reforming its economic structure.

Financial deficits, especially if the deficit period is long, can adversely affect the national economy and increase inflationary pressure. Serious measures must be taken to resolve this problem; however, our financial difficulties have accumulated over the years, so we need subjective and objective conditions and time to solve these problems. From a long-term point of view, if we follow the economy's development and the deepening of structural reform, our financial difficulties will be alleviated; however, China still has suffered from a financial deficit in recent years. We were in the red because we had no choice. Forcing a balance between revenue and expenditures with disregard to necessary conditions will produce side effects.

An important way to reduce the deficit and alleviate our financial difficulties is to resolutely scale down subsidies. Currently, the amount of state subsidies for prices and for deficit enterprises are excessive. This is too heavy a burden for state finances and also unfavorable for the further development of reform and economic construction because prices are seriously distorted. If subsidies are eliminated, our financial difficulties will be immensely alleviated. This will give a big boost to reform of the economic structure.

In fact, since the beginning of last year, the government has eliminated many types of price subsidies. The most conspicuous action taken in this respect was the raising of market prices for grain on two occasions. Currently, grain purchasing and marketing prices are the same. There will be no more grain subsidies if operation fee subsidies for grain enterprises are eliminated. Presently, Guangdong, Hainan, and other areas have entirely free grain prices. The government is considering freeing grain prices nationwide as early as possible. Of course, with respect to price reform, the government has to keep overall interests in mind. While aiming at reducing its financial burden, it will also take into

account the tolerance of enterprises and citizens. It will select the proper time to take action. Too much haste will not help.

[XINHUA] How do you appraise and handle China's internal and external debt?

[Liu Zhongli] Borrowing money is necessary for our country's economic construction. The key is to raise efficiency in using capital. At present, the country's domestic debt stands at more than 130 billion yuan. Most of the funds are used for infrastructure construction, such as railways, ports and docks, mines, and the development of important industrial raw material resources—all of which are "bottleneck" projects which can restrict economic development. These projects have yielded economic, social, and environmental benefits. In recent years, China has borrowed large sums of money from foreign countries, but we are within the internationally recognized safety limit for foreign indebtedness or debt servicing.

I believe that with sustained growth in the gross national product and foreign trade, China has the capacity to borrow more domestically and abroad. We should make good use of domestic and international funds, markets, and resources to accelerate economic development.

[XINHUA] In your opinion, what should be done to enhance the role of finances in exercising overall control of the economy?

[Liu Zhongli] In accordance with the requirements to expand the market regulation role and transform government functions, we should gradually reform the old method of managing enterprise operations and financial activities that took shape under the traditional system, shift from relying on direct management as the mainstay to relying on indirect management as the mainstay, encourage enterprises to compete in markets, and turn them into independent commodity producers and dealers. With the deepening of economic structural reform, we should reduce unnecessary interference by giving local authorities and enterprises the power to manage things that should be managed by them. The Ministry of Finance should reduce the number of specific tasks and shift the focus of work to participation in making macroeconomic decisions, on drawing up and implementing a financial development strategy, on studying and mastering financial policies, on improving the balance of the state budget and society's financial capability, and on employing such economic levers as financial taxation to regulate economic activities by coordinating them with relevant departments. In short, as markets continue to develop, the question of how to strengthen macroeconomic control is emerging as a new topic. We will devote efforts to exploring and studying this topic.

[XINHUA] Do you have any plan to reform the existing financial management system?

[Liu Zhongli] To further deepen financial reform, we should follow the guiding principle and measures decided by the national financial conference held in July this year. The principal contents of the basic principles for financial reform are as follows: 1) Joint consideration should be given



to economic development and a solution to financial problems about how to bring about a good cycle in economic development and financial invigoration. 2) We should establish a financial operating mechanism that is scientific, standardized, and based on law, and we should straighten out financial distribution relations between central and local authorities, between the state and enterprises, and between other sectors of society. 3) We should explore new principles of financial management and transform and perfect the functions of financial departments. In accordance with a Central Committee and State Council plan, the Ministry of Finance will, within the next two years, adopt measures to vigorously push ahead financial and taxation reform. It will speed up the pace of reforming the tax distribution system and the double-entry budget system, actively carry out experiments in separating taxes and profits, and further speed up reform of the taxation system so as to unify taxation, centralize taxation power, simplify taxation procedures, and make taxation fair to all. We shall speed up reform of enterprises' financial and meeting systems, follow the standard practiced internationally, and draw up new financial general rules and accounting norms. At the same time, we shall strengthen the management of state assets and deepen reform in this respect.

#### XINHUA Profiles Liu

OW1909073392 Beijing XINHUA in English  
0715 GMT 19 Sep 92

[Text] Beijing, September 19 (XINHUA)—At first sight, the bespectacled Liu Zhongli impresses people as candid, easy-going, self-possessed and, above all, pedantic.

Yet it is no accident that two weeks ago this man with what the media call an "economic mind" was made minister of finance, the most challenging cabinet job under the State Council.

"Yes, it's a tough job to be treasurer," said New China's seventh finance minister, "but I will try my best."

In fact, the 57-year-old Liu is a finance expert, though he only has a high-school qualification.

Before his nomination, Liu served as the executive deputy secretary-general of the State Council in charge of economic planning, and financial and banking affairs.

Two years earlier he acted as the executive vice-minister of finance. His duties included supervision of industrial accounting and reform of the financial system.

Even so, Liu said, most of his finance expertise comes from the experience he got when worked in Heilongjiang Province in Northeast China.

Born in Ningbo, in East China's Zhejiang Province, Liu was chosen to go to Heilongjiang upon graduation from high school in 1952, when talent was badly needed there for a surge of construction that was just taking shape. He worked for almost 35 years there, mainly in the planning commission of the provincial government, until he was elected deputy governor of the province in 1985.

As an economic planner, Liu got to know every detail of the operations of all sectors from agriculture to industry and commerce, and even banking and finance.

"These experiences revealed to me the essence of economic operations and were a great help when I was involved in financial policymaking in the central government," said the new minister.

He said he is well aware that mounting financial deficits are one of the biggest challenges confronting him.

Liu maintained that getting rid of the government's heavy subsidies for prices and money-losing firms is the key to reducing the deficit, which stood at some 20.7 billion yuan in 1991.

"How can we keep a balanced budget if we have to devote almost 90 billion yuan a year to subsidies?" he queried.

He said he was happy that the government subsidies for grain have been drastically reduced in the past two years. "If state control of grain prices is removed, as has been done in Guangdong and Fujian provinces already, we can save 20 billion yuan a year at least," said Liu, adding that the state is considering such a step right now.

He stressed the necessity of cutting subsidies to enterprises which have lost money due to mismanagement. "Enterprises should be left to swim or sink in the market," said Liu, "the state coffer is no lifeboat for them."

Liu's family happens to be closely tied to banking and financing. His father worked as chief accountant in banks in Shanghai and Ningbo before 1949. He has two children; the son works in a Beijing bank and the daughter is an accountant in an enterprise in Heilongjiang. The only family member who steers clear of monetary affairs is his wife, who is a technician with the State Administration for the Inspection of Import and Export Commodities.

He likes outdoor sports, though reading is an everyday routine. Lamenting that Zhongnanhai (the State Council's seat) has no tennis court, he is sometimes seen playing basketball with young people.

"The saying that 'all work and no play makes jack a dull boy' applies to everybody," Liu quipped.

#### State Council To Implement New Accounting System

HK2109021192 Beijing XINHUA Domestic Service  
in Chinese 0112 GMT 20 Sep 92

[Report: "The State Council Decides To Implement the Preposition on a New National Economic Accounting System"]

[Text] Beijing, 20 Sep (XINHUA)—A few days ago, the State Council issued a circular stating that starting this year, China would implement in two steps a program for a new national economic accounting system; set up the state and provincial-level basic frameworks of the new accounting system; gradually achieve an initial transition this year and next; and complete the overall transition to the new national economic accounting system in 1995.

The circular stated: Since the drive of reform and opening up to the outside world was launched, China's national economy has made great advances. Thanks to substantial readjustments, profound changes have taken place in the economic structure and economic operational mechanism. China's economic and technological exchanges with other countries are being conducted more frequently. Consequently, the existing national economic accounting system based on the product economy has become more and more incongruous with the requirements for the development of the socialist commodity economy. In order to master the operations of the national economy as a whole; strengthen macroeconomic management; effectively shift economic guidance to the orbit of structural readjustment and efficiency improvement; make the process of policy decision-making more scientific; and promote the sustained, stable, and coordinated development of the national economy; it is urgently necessary for us to establish a completely new set of national economic accounting systems commensurate with China's national condition.

The circular said: After the January 1984 "Decision of the State Council on Strengthening Statistics Work" suggested establishing a unified and scientific national economic accounting system, through prolonged efforts, the preparatory work for establishing a new national economic accounting system has been roughly completed. The "Chinese National Economic Accounting System (Trial-Implementation Proposition)," which was formulated by the State Statistics Bureau together with departments concerned as well as institutions of higher learning and scientific research institutions, has passed the deliberation [lun zheng 6158 6086] of the relevant State Council departments and of specialists in all fields. The new accounting system proposition was designed on the basis of absorbing the scientific accounting methods and useful experiences of other countries, in the light of China's actual conditions, and with Marxist theory on reproduction as the guide. It is highly practical and has been proved feasible by trial-implementation in selected units in various localities. Thus it can be put into effect.

This being the case, the State Council decided to implement, in two steps, the proposition on the new national economic accounting system beginning this year. In the first step, the state and provincial-level basic frameworks of the new accounting system will be set up and an initial transition will be achieved this year and next year. In the second step, an overall transition to the new national economic accounting system will be completed in 1995. What is important is a good completion of the first step. The primary objective of the first step is to set up the basic accounting table of the new accounting system, that is, on the basis of the data of the 1992 fiscal year, and formulate the tables for gross domestic product and its use, input and output, funds circulation volume, and balance of international payments so as to systematically reflect the operation of the national economy as a whole. The second step is aimed at accurately and comprehensively formulating all tables of the new accounting system and account system and establishing their supporting statistics index system, statistics classification standards, and data base system.

The circular pointed out: The implementation of the project on the new national economic accounting system is a major reform of the old accounting system and a major measure taken to raise the standard of overall policy-making decisions and overall management and further deepen reform and expand opening up to the outside world. All departments should closely coordinate and promptly provide the financial, statistical, and professional data needed by the new national economic accounting system so that it can share the information with them and reform their own accounting systems in accordance with the requirements of the new national economic accounting system. The people's governments at all levels should effectively strengthen leadership over the organization of the work and give it necessary support in terms of human and financial resources.

#### Chen Jinhua on Replacing State Firm Mechanisms

OW1709141892 Beijing XINHUA Domestic Service  
in Chinese 2105 GMT 16 Sep 92

[Interview with Chen Jinhua, minister of the State Commission for Restructuring the Economy, by JIEFANGJUN BAO reporter Liu Xinru (0491 2450 1170) and XINHUA reporter Zhang Jinsheng (1728 6930 0524); date, place not given; first paragraph introduction]

[Text] Beijing, 17 Sep (XINHUA)—The recent promulgation of the "Regulations for Replacing State-Owned Industrial Enterprises' Operating Mechanisms" by the State Council was an important event in the nation's economic restructuring. It shows that, from now on the replacement of enterprises' operating mechanisms will no longer be an experimental project, but one that will be carried out by all enterprises. We recently interviewed Chen Jinhua, minister in charge of the State Commission for Restructuring Economy, on questions concerning the replacement of enterprises' operating mechanisms.

[Reporters] As minister in charge of the State Commission for Restructuring Economy, what role do you think the replacement of enterprises' operating mechanisms plays in China's economic restructuring?

[Chen Jinhua] To put it simply, enterprise reform is the focus of China's economic reform, and replacing enterprises' operating mechanisms is the focus of the on-going enterprise reform. In other words, we will be in control of enterprise reform, and even the reform of the entire economic system, once we are able to replace enterprises' operating mechanisms. The enterprises I am talking about here refer primarily to state enterprises.

The party's Central Committee and the State Council attach great importance to enterprise reform. Along the theme of rejuvenating large and medium-size state enterprises, the Central Work Conference which took place in September last year specifically pointed out that enterprises must replace their operating mechanisms and gear their operation to market needs. From now on, in restructuring its enterprises China will fully implement the "Regulations for Replacing State-Owned Industrial Enterprises' Operating

Mechanisms" promulgated recently by the State Council, and speed up the pace of replacing enterprises' operating mechanisms.

[Reporters] How do you assess the reform of Chinese enterprises following the Central Work Conference?

[Chen Jinhua] I recently visited some enterprises in various places, and was encouraged by the momentum created by the replacement of enterprises' operating mechanisms. I feel that our enterprises have made new headway in their restructuring. The promulgation of the "Regulations" indicates that China's enterprise reform has entered a new stage.

Thanks to emancipation of minds, our enterprises in various places have experimented with all forms of restructuring projects and actively explored new methods compatible with the functioning market mechanisms. According to incomplete statistics, over 8,400 industrial enterprises, whose operations are part of the state budget, have now carried out pilot projects; over 650 large and medium-size state enterprises now enjoy autonomy in handling their foreign trade; and over 120 enterprises have floated stocks publicly. While the national economy grew rapidly during the first six months of this year, our large and medium-size state enterprises enjoyed 2.8 percent higher growth than the average growth achieved by the nation's industrial enterprises, whose operations are part of the state budget. This shows that the policies that have been introduced for rejuvenating state-owned enterprises have yielded satisfactory results.

The on-going enterprise reform is not without problems, however. The main problems can be observed in the sluggish steps governments have taken in changing their functions and responsibilities, and in supporting reform measures; and in the fact that enterprises have yet to receive all the operating rights which they are entitled to under the "Enterprise Law." Consequently, inefficient enterprises that lack vitality are having a tough time. Many years of experience shows that rejuvenating large and medium-size state enterprises is not easy. Nevertheless, we must resolve to make this project a success.

[Reporters] You have said before that rejuvenating state enterprises, especially large and medium-size ones, is an important social and economic endeavor by which "prosperity in one sector will give rise to prosperity in other sectors." Would you please elaborate?

[Chen Jinhua] State-owned enterprises are the mainstay of China's national economy. The large and medium-size enterprises set up in China over the past several decades are pillars of the national economy. They are the main source of the country's income. Today, China has 11,000 large and medium-size enterprises authorized to hold independent accounts. While they constitute only 2.5 percent of the total number of industrial enterprises in the country, the value of their industrial output accounts for approximately 50 percent of the national total, and the amount of profit taxes they deliver to the state accounts for over 60 percent of the national total. Therefore, rejuvenating these state-owned

enterprises, especially large and medium-size ones, is apparently vital for increasing China's overall strength, improving the people's livelihood, the giving full scope to the superiority of our socialist system.

[Reporters] China's reform has now reached the new stage of establishing a socialist market economy, and we will also be confronted with the challenge of keen international competition after we rejoin the GATT. Does this mean that rejuvenating large and medium-size state enterprises has become even more urgent and important?

[Chen Jinhua] That is correct. To rejuvenate our state enterprises under the new situation, minor changes will no longer be effective in forging the link between the planned economy and market economy, and between our domestic market and the world market. We must speed up the replacement of all our enterprises' operating mechanisms. By replacing mechanisms, we actually mean that China must replace its traditional planned economy with a socialist market economy. This transition will have an inestimable impact on promoting and accelerating China's economic growth.

[Reporters] Although everybody is talking about replacing operating mechanisms these days, not everyone understands its connotation. Would you please explain?

[Chen Jinhua] What we mean by replacing enterprises' operating mechanisms is that we will readjust and improve enterprises' operating conduct according to the requirements for developing our socialist market economy. So that, guided by the nation's macroscopic economic regulation and control, enterprises can launch from the "bosom" of the government into the "ocean" of the market, and become independently-operated enterprises seeking self-development, exercising self-control, and being responsible for their own profits and losses.

[Reporters] How then are enterprises going to establish their vital and energetic operating mechanisms?

[Chen Jinhua] This is a big project. Simply put, giving enterprises their operating rights is the prerequisite for them replacing their operating mechanisms, and in charging enterprises with full responsibility for their own profits and losses lies the key to replacing enterprises' operating mechanisms. Based on the "Enterprise Law," the "Regulations" permit enterprises 14 autonomous rights, including the right to decide on production and operation, to set prices for their products, hire workers, and set pay scales and bonus amounts. These are useful, practical, and operational rights; and enterprises cannot become independent producers or operators unless they are given all 14 autonomous rights. Enterprises have learned from experience that they are unable to be responsible for their own profits and losses without full operating autonomy; but on the other hand, enterprises may abuse their autonomy, act myopically, such as spending most of their income on individuals, and infringe upon state interests if they merely want to exercise their rights and not be responsible for profits or losses. Thus, devising stronger mechanisms that can compel enterprises to be responsible for their own profits and losses, and granting enterprises ample autonomy are two aspects which



support and complement one another. The "Regulations" have clearly specified enterprises' responsibilities for their profits and losses. For example, if an enterprise has fulfilled its delivery quota, its director will be properly compensated and the workers will enjoy more benefits; conversely, if an enterprise fails to fulfil its quota, or if it loses money owing to mismanagement, its director and other leading staff members will have their wages cut accordingly, they may also be subjected to administrative disciplinary measures, and workers' incomes will also be reduced.

[Reporters] Statistics provided by relevant departments show that 1,729 industrial enterprises were closed, suspended, merged, or reconstituted during the first six months of this year; of these, 600 were state-owned. Sixty-six enterprises were declared bankrupt, of which 15 were owned by the state. How do you view the strategy of letting enterprises "go out of existence" or "continue operation"?

[Chen Jinhua] Letting enterprises "go out of existence" or "continue operation" is an important step in transforming enterprises' operating mechanisms. Allowing enterprises to "go out of existence" or "continue operation" is in compliance with economic laws. Keeping unviable enterprises in operation will tie up resources, affect the "operations" of "viable" enterprises, and lower overall economic performance. Closing, suspending, merging, or reconstituting enterprises is a normal practice in socioeconomic activity. Society cannot remain inactive as if it were a puddle of stagnant water; instead, it should eliminate backwardness in the interests of progress and development. This is an objective law—a law that we should respect and learn how to apply. Rather than interpreting it as a negative strategy, we should treat the closure, suspension, merger, or reconstitution of enterprises as a positive and progressive action. We should let enterprises "go out of existence" if they produce unsalable goods, stockpile products, have low technological levels, sustain chronic losses, and waste the state's resources and funds. We can accomplish this goal by reconstituting these enterprises; suspending them pending reorganization; merging, separating, or disbanding them; or declaring them bankrupt. This is an important measure for encouraging enterprises to institute a competition mechanism that ensures survival of the fittest.

[Reporters] Popular concern revolves around the possible effects on the vital interests of workers following the transformation of enterprises' operating mechanisms or the reorganization of enterprises. What actions should be taken?

[Chen Jinhua] The party and the government have always looked after the interests of workers. Enterprise reorganization entails the placement of workers. To cope with this prospect, the "Regulations" contain relevant provisions that apply to different circumstances. Competent government departments will make proper arrangements to reassign workers of enterprises disbanded according to a government decision. As a rule, enterprises that have undergone mergers will take care of surplus workers, while workers of bankrupt enterprises will be reassigned according to relevant laws and regulations. In the case of reassignment problems, social security agencies will provide benefits to workers on job assignment rolls in accordance with the law.

Labor departments will help these workers find new jobs. The state will adopt preferential tax policies toward service-oriented enterprises that are established to absorb surplus workers.

The thorough resolution of relevant problems depends on the establishment of a sound social security system that offers retirement and old-age insurance, insurance for job seekers, and medical insurance. Bearing directly on the vital interests of workers, the establishment of such a social security system constitutes a supplementary measure for closing, suspending, merging, or reconstituting enterprises, as well as for declaring enterprises bankrupt. Workers should take a correct attitude toward changing interests in the course of reform; understand and support reform measures; and reconcile individual and national interests, local and general concerns, and immediate and long-term interests.

[Reporters] People understand the inadequacy of merely changing enterprises' operating mechanisms, as well as the need to effect these changes in close conjunction with changes in government functions. Please comment.

[Chen Jinhua] The transformation of operating mechanisms is designed to establish the status of enterprises as independent commodity producers and dealers. This effort necessitates the separation of government and enterprise functions, as well as the modification of enterprise administration practices on the part of the government. Enterprises cannot reinvigorate themselves if the government practices "excessive" control by monopolizing the former's manpower; financial resources; supply, production, and marketing activities; and domestic and foreign trade. In this context, reform of the government apparatus is related to that of enterprises, in the same way as the main shaft of an automobile is connected with the gears. How can the gears turn without corresponding movements in the shaft? Government administrative departments must switch from direct management of enterprises to indirect administration. They should regulate and guide the economy through economic and legal means. They should follow the principles of "exercising strict macroeconomic control while relaxing microeconomic control" in devising plans, coordinating work, rendering services, and performing supervisory functions. Moreover, they should refrain from interfering in specific areas of enterprise production and operation.

[Reporters] Honestly speaking, some comrades still lack confidence in the drive toward reforming state enterprises. What are your thoughts on this matter?

[Chen Jinhua] The transformation of enterprises' operating mechanisms is aimed at tackling the difficult aspects of our country's enterprise reform drive, or even the overall economic restructuring program. The process, though somewhat difficult and complex, enjoys many advantages. The essence of Comrade Deng Xiaoping's speeches during his tour of southern China has inspired enthusiasm for reform within the leadership as well as the rank and file. This has provided a fairly sound ideological basis for transforming enterprises' operating mechanisms. Moreover, promulgation of the "Regulations" has provided legal guarantees for

further improving enterprise reform. The environment for transforming enterprise mechanisms has improved. We have recently gained some successful experience in conducting useful explorations involving enterprise reform. This experience has improved and enlivened the operations of many enterprises, including the Shoudu Iron and Steel Company, the Jilin Petrochemical Plant, the No. 2 Shanghai Textile Machinery Plant, the No. 2 Automobile Plant, the Yanshan Petrochemical Plant, and the Shigejie Plant. Implementation of the "Regulations" will energize more enterprises, turning them into a powerful force. Herein lies our hope for accelerating the transformation of enterprises' operating mechanisms. We should understand that state enterprises should and can display superiority in meeting the needs of social progress, although their establishment is consistent with the objective laws governing public ownership of production means and socialized large-scale production. We should be full of confidence.

#### **Commentary Lauds Liaoning's State Firms' Reform**

HK2109053692 Beijing RENMIN RIBAO in Chinese  
31 Aug 92 p 1

["Short Commentary": "Only Opening Up Can Bring Invigoration"]

[Text] The new turn in the situation of Liaoning's large and medium-sized enterprises corresponds with the facts that the so-called "Northeast China phenomenon" is not a "cancerous disease" of the socialist economy, and that large and medium-sized enterprises in China's old industrial base have already come out of the valley and are full of vitality. Liaoning's decision on closely linking opening up with reinvigorating large and medium-sized enterprises is correct.

China's enterprises, especially the large and medium-sized ones, have been under the bondage of various old concepts and their original structure for a long time; they severed all ties with foreign countries and lacked vitality and vigor. Today, when they are importing foreign funds and technologies and are referring to the advanced operational ways and managerial methods of all countries, including developed capitalist countries, it is primarily necessary to guide the broad numbers of workers and staff members, especially leading cadres, to emancipate themselves from the bondage of conventional concepts and the original structure and earnestly change their thinking. Some large and medium-sized enterprises have pursued the product economy for a long time and were late in "weaning" themselves; they were used to operational methods in which the state took full responsibility for supplying them with raw materials and marketing their products. Should these old concepts and habits remain unchanged, it would be very difficult to do a good job of opening up and being bold at learning advanced foreign things.

Importing advanced operational ways and managerial methods from overseas often comes into conflict with the original economic structure. The surfacing of new ways and methods could either break through or be hampered by the original economic structure. In importation, it is necessary

to continuously deepen economic restructuring, do away with rigid structures, and instill new vitality in the structure. Bottlenecks in importation should be viewed as reform topics. It is not only necessary to resolve those problems openly exposed, but also those hidden, deep-level contradictions in order to iron out all kinds of relations and insure a greater role for imported funds and technologies, as well as advanced operational ways and managerial methods.

The importation of advanced technologies and equipment has changed the production mode for workers and staff members, references to scientific managerial methods has changed their work habits, and the conversion from the product to the commodity economy has changed their way of thinking. Opening up to the world has brought many new conditions and problems. Leading cadres of large and medium-sized enterprises should continue to apply and adapt past successful experiences and methods by linking them to the new conditions. For example, in production operations, they should continue to do a good job in ideological and political work and give play to the role of workers and staff members as masters. At the same time, it is necessary to break new ground in practice and to mobilize cadres, workers, and staff members to develop new leadership methods and new work experiences. Because conditions vary in every enterprise, every factory or company should have its own ways. The experiences of other enterprises can be referred to, but should by no means be copied exactly.

#### **Shanghai Merges Two High-Tech Zones**

HK2009062092 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 20 Sep 92 p 11

[Report by staff reporter from the "Shanghai Focus" section: "City's Two Hi-Tech Zones Are Merged"]

[Text] The new Shanghai Hi-tech Development Zone was set up last Monday [14 September] based on two existing hi-tech zones.

The State Science and Technology Committee approved the establishment of the zone. As well, a series of new preferential policies were recently announced by the Shanghai Municipality.

To assist hi-tech enterprises, Shanghai will set up a fund to be known as the Municipal Risky Investment Corporation. Most of the fund will be invested in hi-tech firms in the Shanghai Hi-tech Development Zone.

The new zone is based on the merger of Caohejing Hi-tech Park, located in a southwest suburb of Shanghai, and Zhangjiang Hi-tech Park, which is in Pudong New Area.

Caohejing Hi-tech Park has been developing for more than five years. With its streamlined infrastructure, it has already become home to a considerable number of hi-tech firms.

The recently-established Zhangjiang Hi-tech Park enjoys preferential policies both for the Pudong New Area and for the hi-tech parks. Zhangjiang Hi-tech Park has an area of 17 square kilometres to accommodate investors.

Hi-tech enterprises in the zone will be allowed to design their own manufacturing and management plans. For new products not listed in the State price control catalogue, the firms can set the prices by themselves.

Firms with good export prospects can also apply for the right to export by themselves rather than through foreign trade companies.

The enterprises will also be able to invest one to 10 percent of their annual sales volume in research and development.

Enterprises will be allowed to determine the management structures of their firms. They also have the right to hire and fire employees. It's believed that the incomes of the employees of these firms will be at least 120 percent higher than their counterparts outside the hi-tech zone.

Research institutes and testing centres in the zone may decide their own scientific development plans and the research and development of new products. They may also design their own international scientific cooperation projects.

Hi-tech trade firms whose products' trade volume exceeds half of their annual income will enjoy preferential policies on customs duties and business trips abroad. They also may offer bonuses equivalent to a month's salary without paying bonus tax.

Hi-tech firms may hire the experts they need by themselves, including experts from overseas. Retired experts are eligible for hiring, too.

Experts who bring new products to the hi-tech zone will be rewarded with half of the first year's profits.

#### **Economists Suggest Developing Hinterland Zones**

HK1809125692 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0709 GMT 17 Sep 92

[Report: "Mainland Economists Suggest Establishing Hinterland Special Economic Zones"]

[Text] Guangzhou, 17 September (ZHONGGUO TONGXUN SHE)—Several mainland economists suggested a few days ago that establishing hinterland special economic zones will aid a hinterland economic takeoff. Their suggestion has attracted the attention of mainland economic theoretical circles, and more and more people are inclined to accept this view.

The economists who raised this suggestion said that the trend of mainland opening up in the 1990's is becoming clearer following the recent further opening up of cities along the Chang Jiang, and the creation of development programs for the Chang Jiang delta and regions along this river. Chongqing, Wuhan, Jiujiang, Wuhu, and Nanjing have begun to move ahead in a big way. They suggested building a number of comparatively concentrated and large-scale special economic zones in hinterland regions enjoying comparatively great fame, having actual appeal to people overseas, and really being capable of stimulating hinterland economic and social development—with purposes and plans—through practical and reliable theoretical proof.

These experts listed three major bases for building hinterland special economic zones. First, since the beginning of spring this year, some ethnic regions in hinterland and border areas have taken advantage of their geographical position on the borders to actively open up to surrounding nations. Some regions have built all kinds of small industrial areas or development areas on a trial basis and enjoy preferential policies in various aspects. Some others have become "special economic zones," although they do not use the name special economic zone. Second, there is a big gap between hinterland and coastal economies. The establishment and development of hinterland special economic zones will surely conform with hinterland reclamation and will thus stimulate a hinterland economic takeoff. Third, coastal special economic zones have developed to a higher level through experimentation in the 1980's, with Shenzhen and Hainan ambitiously trying to build "Hong Kongs." To correspond with this, it is all the more necessary to build hinterland special economic zones that can display hinterland superiority.

#### **Telecommunications Upgrade in Border Trade Areas**

HK2109045892 Beijing CHINA DAILY in English  
21 Sep 92 p 1

[By staff reporter Xie Liangjun: "Telecom Upgrade for Border Trade Areas"]

[Text] Rapid development of cross-border trade coupled with unprecedented economic growth in the border regions has prompted the Ministry of Posts and Telecommunications (MPT) to upgrade telecommunications in China's "open border areas."

The first phase of the drive will focus on modernizing telephone networks in the 13 busiest "open trade cities or towns" in the border regions.

This quick move comes in response to the attempt to aid local economic growth by further opening-up of China's border regions, MPT officials said.

The programme covers: Yining, Bole and Tacheng in the Xinjiang Uygur Autonomous Region; Pingxiang and Lexing in the Guangxi Zhuang Autonomous Region; Wanding, Ruili and Hekou in Yunnan Province; Erenhot and Manzhouli in the Inner Mongolian Autonomous Region; Heihe and Suifenhe in Heilongjiang; and Hunchun in Jilin Province.

All of these areas border either the CIS republics, the Democratic People's Republic of Korea, Mongolia, Myanmar [Burma], Laos or Vietnam.

Under the programme, all these open border cities or towns will "very shortly" set up domestic direct dialing services (DDD) and international direct dialing service (IDD) connections with the outside world.

The programme also requests the cities and towns install computerized telephone exchange systems as quickly as possible and work toward starting new business services such as mobile telephone and cordless paging.



And if the programme goes as planned, by the end of the 1995 every 100 people in these cities will have 10 to 15 telephones, and each open border city or town will be linked with DDD and IDD in their provincial capitals.

The MPT call for telecom improvements in open border cities has had positive feedback, especially from westernmost Xinjiang.

The Xinjiang regional government, seeing the move as vital to opening-up and boosting the economy, has set out a 1991-95 telecom development plan to make it easier for calls to get through, a chronic problem in the past.

Some business people from home and abroad, frustrated by inconvenient telecom conditions, have returned home empty handed.

Currently, about 70 percent of Xinjiang's long-distance telephone calls cannot get through to such major cities as Beijing, Shanghai, Tianjin and Shenzhen because of over-jammed lines. And only about 20 percent of long-distance calls from Urumqi to other major cities outside Xinjiang can get through.

This capital city of Xinjiang has only 1.87 telephones for every 100 people; in the entire region the figure is less than one telephone per 100 people.

But all its capitals of prefectures or minority autonomous prefectures have opened radio paging services, while Urumqi, Shihezi, Kuytun, Karamay, Yining and Korla cities will set up mobile telephone services by the end of this year.

According to Xinjiang's five-year plan, by 1995 every 100 people in Xinjiang will have 2.5 telephones.

**East Region****Shandong Congress Shuffles Personnel**

*SK1909004092 Jinan DAZHONG RIBAO in Chinese  
11 Sep 92 p 1*

[Summary] Following is the namelist of personnel changes approved at the 30th meeting of the Seventh Shandong Provincial People's Congress Standing Committee on 10 September:

Cao Xuecheng [2580 1331 2052] was appointed chairman of the provincial Physical Culture and Sports Commission.

Miao Shiming [5379 0099 6900] was appointed director of the second provincial light industry department.

Yang Jiquan was dismissed from his post of chairman of the provincial Physical Culture and Sports Commission.

Cheng Dunshi was dismissed from his post of the second provincial light industry department.

**Shandong Leaders Attend Opening of News Center**

*SK2009064492 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 19 Sep 92*

[Text] XINHUA NEWS AGENCY's Shandong news center was formally established in Jinan on 19 September. This news center was based on the former Shandong Economic and Information Department of XINHUA NEWS AGENCY. This news center's service will rely on XINHUA's rich information resources and will be in line with the demands of leading organs at various levels and enterprises and establishments. This news center not only continues to handle various kinds of information but also makes efforts to develop new information products and improve distribution with a view to delivering appropriate information to subscribers in a timely manner.

Leading comrades of the province, including Jiang Chunyun, Zhao Zhihao, Li Zichao, Tan Fude, Dong Fengji, and Lu Hong, attended the inaugural ceremony.

Jiang Chunyun, secretary of the provincial party committee, pointed out in his speech: Information undertaking is a key force in promoting the development of modern economy and society. Whoever has accurate, fast, and good information will gain the initiative and develop faster and better. Strengthening the information industry is of great significance and urgency. This industry plays a key role in helping the province develop the export-oriented economy, rejuvenating the tertiary industry, and implementing the policy of relying on science and education to make Shandong flourish. Thus, leaders at various levels should put information work on their important work agenda and firmly attend to it. All trades and professions should strengthen the sense of information, pay attention to using information, improve the management of policy decisions, and promote the economic development.

**Greet Conservation Meeting**

*SK2009064692 Jinan Shandong Provincial Mandarin  
2300 GMT 15 Sep 92*

[Text] The provincial water and soil conservation work conference was held in Jinan on 15 September.

On behalf of the provincial party committee and the provincial government, Jiang Chunyun, secretary of the provincial party committee; and Zhao Zhihao, deputy secretary of the provincial party committee and governor of the provincial government, wrote letters of congratulations to the conference.

In their letters of congratulations, Jiang Chunyun and Zhao Zhihao urged party committees and governments at various levels across the province to understand better the extreme importance and urgency of maintaining water and soil conservation, grasp the current favorable opportunity to conscientiously implement the law governing water and soil conservation, and effectively do a good job in water and soil conservation work. All departments and units concerned should cooperate closely with one another and make concerted efforts to attend to this work.

The loss of water and erosion of soil is extremely serious. Some 63,500 square km of soil have eroded. More than 2 million tons of soil are washed away every year. The nitrogen, phosphate, and potash nutrient that was washed away with the erosion of soil was equal to 3.5 million tons of standard chemical fertilizer. As a result, the soil becomes infertile or fertility is reduced, and the soil become sandy and stony.

Vice Governor Wang Jiangong pointed out in his speech: The water and soil conservation tasks of the province are extremely arduous. More soil erosion in the course of developing production, undertaking construction projects, and developing natural resources has not effectively been controlled. The problems of water and soil conservation in the course of improvement and the problems of improvement by one side and damage by various sides are still prominent. Thus, all localities should immediately form a climate of conserving water and soil for society and mobilizing the whole society to maintain water and soil conservation. We should set up the system of administrative heads at various levels assuming responsibility for water and soil conservation, assign tasks to various layers, sign letters of responsibility with various layers, and assess their performances at year end. Meanwhile, we should establish networks for supervising water and soil conservation work at four layers. In line with the principle of the leading role of self-reliance and the supplementary role of state assistance, all localities should collect funds from various channels to increase the input to water and soil conservation. From now on, we should focus on overall improvement of soil quality, persistently link the economy with ecology and social benefits, and continue to comprehensively improve water and soil quality with valley as a unit.



### Hangzhou Develops Telecommunications

OW1909021092 Beijing XINHUA in English  
0121 GMT 19 Sep 92

[Text] Hangzhou, September 19 (XINHUA)—Up to August this year, Hangzhou, capital of east China's Zhejiang Province, had poured 36.4 million U.S. dollars (including 21.1 million from abroad) into developing its telecommunications services.

With the investment, the city has imported 110,000 sets of advanced program-controlled exchanges, and now 12.55 percent of Hangzhou's residences have telephones, second place among the country's provincial capitals.

Currently, the city has a total of 125,000 phone-sets and 8,000 long-distance call lines.

In 1980, Hangzhou had merely 11,400 domestically produced analog network telephones. Only one of these was privately-owned.

To meet the demands of economic development, Hangzhou introduced 13,000 sets of programmable telephones from Japan with foreign bank loans, which initiated the city's drive to upgrade its telecommunications network with overseas funds.

In 1989, the city borrowed 17.5 million U.S. dollars and 1.7 million Swiss francs from Spain and Switzerland to buy 50,000 program-controlled exchanges and 2,000 telex sets from the two countries respectively.

Early this year, Hangzhou bought a complete mobile telephone system from the Motorola Inc. of the United States.

The efforts have paid off.

In 1990, the city's telecommunications industry earned 126 million yuan (about 20 million U.S. dollars), an increase of 18 times over 1980. During the period 1980-1990, gross income has grown at a yearly rate of 37.6 percent.

As more and more private homes have become equipped with telephones, the city's telecommunications market has faced a new challenge.

In the first half of this year, Hangzhou installed 21,000 private phone sets while another 42,000 families still waited for their turn to own a telephone.

To ease the tension, the city's telecommunications administration has raised 9.1 million U.S. dollars to introduce 80,000 program-controlled exchanges from Japan and Taiwan. When the project is completed, the city's total number of installed phone sets will exceed 200,000.

Moreover, governmental departments are now negotiating with Japanese businessmen for a 10 million U.S. dollar bank loan to import 50,000 Fujitsu F-150 programmable sets.

### Central-South Region

#### Shenzhen Official on Soldier-Worker 'Conflict'

HK0309130892 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1211 GMT 21 Aug 92

[By correspondent Xue Donghe (5641 2639 0735)]

[Text] Shenzhen, 21 Aug (ZHONGGUO XINWEN SHE)—The person in charge of the Taiwan Affairs Office of Shenzhen City People's Government today answered questions from a correspondent of this agency concerning the conflict on the evening of 31 July between workers of the Taiwan-invested Liyang Machinery (Shenzhen) Company Limited and soldiers of Longhua Town Garrison.

[ZHONGGUO XINWEN SHE] There are many different versions, particularly on the island of Taiwan, of the conflict between workers of Liyang Machinery (Shenzhen) Company Limited and soldiers from Longhua Garrison. What exactly happened?

[Taiwan Affairs Office official] From what we understand based on investigations, this is what happened: At around 2000 in the evening of 31 July, three soldier pickets from Longhua Town Garrison, Baoan County, were passing by Liyang Company on patrol duty when individual workers from the company dormitory provoked the soldiers with shouts of the marching order of "one, two; one, two" and abused them with taunts like "Why are you so arrogant, stinking soldiers?" The three soldiers were very angry and entered the dormitory through the company's back door to argue with the abusive workers. When they were about to leave the factory after they had failed to locate the workers, the door guard said that the three soldiers had "entered the factory without permission and had violated factory rules, and it was necessary for them to go through the registration procedure." The three soldiers would not do so. There was shoving and pushing between the two parties. Later the door guard brought the three soldiers to the duty room and telephoned Longhua Public Security Sub-Bureau. After public security men arrived there was a reconciliation and the three soldiers left Liyang Company.

The matter would have rested there. But during the altercation, a motorcyclist went to the garrison camp telling the camp that three soldiers were being held by Liyang Factory. When the troop instructor heard the news he hurried to the factory alone and made enquiries of the door guard. The door guard's attitude was bad and he would not answer any questions. The two got into a quarrel. At this time, about 10 soldiers had heard the news and arrived at the factory in a unit jeep which had just returned from a mission, and which they had stopped in front of the barracks. They demanded the release of the three soldiers. At this time, suddenly someone among the factory guards took up a megaphone and called people to gather round, shouting the provocative slogan of "defend Liyang." At once hundreds of workers took up iron rods and started fighting with the soldiers. The scene was one of great confusion. To avoid escalation of the incident, the troop instructor ordered the soldiers to fall back and leave the factory. But by this time the door guards

had closed the main gate, and the soldiers were forced to climb over the walls. But the troop instructor and a soldier did not make it and were dragged from the wall and beaten up by door guards and workers. They were seriously wounded and detained for 40 minutes. Twelve people from the troop were wounded, five of them seriously, during the conflict. Two workers and one public security man were also wounded in the conflict. The unit jeep was impounded by the factory and the glass of the vehicle was smashed by workers.

After the incident, leaders of Shenzhen City, Baoan County, Longhua Town, the garrison and the public security department arrived at the scene in succession and handled the incident in coordination. The incident quieted down at around 2300 the same evening.

[ZHONGGUO XINWEN SHE] Some Taiwan newspapers reported that there were truckloads of PLA soldiers forcing their way into Liyang holding guns, and beating up anybody on sight. Is it true?

[Taiwan Affairs Office official] We noticed that reports by Taiwan media said that seven truckloads of PLA soldiers holding submachine guns surrounded the factory. We believe that such reports are irresponsible and untruthful. According to our understanding, after the incident, there was a relatively large number of soldiers and ordinary people watching. To let the soldiers leave the scene as soon as possible and calm everything down, the troop unit sent four trucks to pick up the soldiers and take them back to the garrison. We regret that there have been such untruthful reports. When some Taiwan businessmen in Shenzhen read these reports, even they felt that the reports were absurd. We believe that in the conflict the troop handled the problem in an positive and restrained manner, as indicated by the level of the injuries people sustained. On the other hand, persons-in-charge of Liyang Company were within the factory at the time but never showed up to dissuade and stop workers. They should be held responsible to some extent.

[ZHONGGUO XINWEN SHE] There are now many rumors that relations between garrisons and localities have long been tense, and that incidents such as the present one are bound to happen.

[Taiwan Affairs Office official] There are ulterior motives for saying this kind of thing. As is well known, there is a fine tradition in Longhua Town of supporting the Army and giving preferential treatment to families of revolutionary army men and martyrs, and of supporting the government and cherishing the people. Longhua Town is a model unit in supporting the Army, and relations between troop unit and locality have always been fine. The conflict was purely an isolated incident resulting from provocation by some workers of the factory.

[ZHONGGUO XINWEN SHE] The incident has had some repercussions among Taiwan businessmen. Do you think it will affect investment in Shenzhen and Taiwan businessmen's investment confidence?

[Taiwan Affairs Office official] As I have just said, it was purely an isolated incident that took place between workers

of a Taiwan-invested enterprise and some garrison soldiers. It was not directed against Taiwan businessmen or Taiwan-invested enterprises, and is being taken care of properly. Many Taiwan businessmen have perceived this. But we should absorb lessons from the incident, and strengthen education and management of workers of Taiwan-invested enterprises. Moreover, after more than a decade of development, Shenzhen's investment environment is getting increasingly perfect. It has a complete and sound legal system and rules and regulations to safeguard the legitimate interests of Taiwan businessmen. Taiwan investors were able to perceive this. I believe that once Taiwan businessmen who invest in Shenzhen understand the truth of the matter, their confidence will certainly not be affected.

### Hainan Marks Yangpu Development in Hong Kong

HK2109072392 Haikou Hainan People's Radio  
Network in Mandarin 2300 GMT 14 Sep 92

[Text] A Hainan delegation and the Yangpu Land Development Company jointly held a reception to celebrate Yangpu's development at the Hong Kong Regent Hotel at 1900 on 14 September.

Zheng Hua, XINHUA Hong Kong branch vice director; Li Ka-shing, Cheung Kong (Holdings) Limited board-of-directors chairman; Richard Williams, U.S. Consul General in Hong Kong; consuls general from Japanese and South Korean consulates general in Hong Kong; and other famous local businessmen, totalling 100, attended.

The celebration was presided over by Hainan Vice Governor Mao Zhijun. Liu Jianfeng, Hainan governor; Yu Yuen-ping, Kumagai Gumi Hong Kong Limited Company general manager and board-of-directors vice chairman; and Zheng Hua, XINHUA Hong Kong branch vice director made speeches at the meeting.

Yu Yuen-ping said: The achievements made in developing Yangpu cannot be separated from support provided by all circles in China and abroad. Our company will try our best to make adequate preparations for carrying out various projects and will build necessary infrastructure as soon as possible.

Liu Jianfeng said: The signing of the incentive lease agreement for 30 square km of state-owned land in the Yangpu Economic Development Zone and the setting up of the Yangpu Land Development Limited Company mark the commencement of Yangpu's history of massive development. Developing Yangpu is a major gratifying event Hainan people have long yearned for. In the early days when Hainan was declared a province, we put forward development formulas including unified planning, introducing foreign funds, developing whole stretches of land, and [words indistinct]. We also decided to make the Yangpu Economic Development Zone a focal point for developing whole stretches of land. Mr Yu Yuen-ping takes great interest in developing Yangpu. Since 1988, he has closely cooperated with us and devoted every effort to the initial preparatory work for developing Yangpu. In March this year, the State Council approved Hainan's decision to lease with compensation to foreign investors land-use right of 30 square km of land in the

Yangpu Economic Development Zone. On 18 August, the Hainan Provincial Government and the Kumagai Gumi Hong Kong Limited Company signed an agreement on land-use rights in [words indistinct]. On 3 September, the Yangpu Economic Development Zone Development Enterprise was formally set up. All these have created favorable conditions for developing Yangpu.

After briefing the audience on development in Hainan, Liu Jianfeng said: Hainan warmly welcomes personages in all circles in China and abroad, especially consortia and companies in Hong Kong, which have abundant funds, to come to Hainan to invest in industry, agriculture, tourism, trade, and real estate, developing and utilizing Hainan's rich land, tropical crops, mineral, marine, and tourism resources. Hainan also warmly welcome [words indistinct] to join us in developing Yangpu. Hainan will, in accordance with international practices, provide necessary help and guarantees for investors from all circles.

#### **Experts, Economists Discuss Hainan Tourism**

OW1909134092 Beijing XINHUA in English  
1312 GMT 19 Sep 92

[Text] Haikou, September 19 (XINHUA)—Nearly 100 Chinese and foreign experts and economists met in this capital of South China's Hainan Province today to discuss how to develop tourism in China's second-biggest island, which is also the largest special economic zone in China.

The experts came from the United States, Hong Kong and Taiwan as well as Beijing and Shanghai. Among them were noted economist Ma Hong of the State Council Development Research Center, Li Luye, former Chinese ambassador to the United Nations and Gao Shangquan, vice-minister of the State Commission for Restructuring the Economy and president of the China Institute of Reform and Development (Hainan).

Over the next six days the experts will concentrate their discussions on how to utilize the tourism resources of the island, which include natural landscapes, local customs and rare species of plants and animals as well as tropical beaches.

Tourism is the mainstay industry of Hainan Province. Since the island opened to the outside world, the number of overseas tourists it receives has increased at an annual rate of 48 percent, the fastest in the country.

### **Southwest Region**

#### **Guizhou Governor Inspects County, Comments**

HK2109072492 Guiyang Guizhou People's Radio  
Network in Mandarin 2300 GMT 14 Sep 92

[Text] When inspecting Shiqian County on 13 September, Governor Wang Chaowen pointed out: It is necessary to further intensify county-level [words indistinct], do a good job in reform and opening up to the outside world, and accelerate county-level economic development.

While in Shiqian County, Governor Wang Chaowen investigated agricultural production and highway projects. He also went right to villages to have informal discussions with peasants, and listened to work reports made by the Shiqian County CPC Committee and government.

Wang Chaowen said: Guizhou is neither a coastal nor a border province. Objective geographical conditions restrict its economic development. This being the case, leading comrades of county party committees and governments must acquire a full understanding of their local realities, give play to their strong points, and conduct many investigations and studies to find out a formula for economic development which is consistent with their local conditions. They must carry out to the letter their plans for helping the large numbers of peasants increase a particular amount of grain and income every year. They must also effectively keep the population growth in rural areas under control.

Wang Chaowen pointed out: Every county must have its own strong points and characteristics. What matters is that we should familiarize ourselves with them, discover them, and fully utilize them. We must try to achieve fruitful results in the undertakings we have entered upon.

#### **Sichuan Secretary Attends Joint Stock Meeting**

HK1809022592 Chengdu Sichuan People's Radio  
Network in Mandarin 2300 GMT 12 Sep 92

[Text] A three-day provincial conference on implementing the joint-stock system concluded in Chengdu yesterday.

The conference was attended by a total of 180 representatives of various provincial party and government organs, city party committee secretaries, and city mayors, as well as comrades in charge of various financial and taxation departments.

Provincial CPC Committee Secretary Yang Rudai attended, listened to views expressed by conference participants, and gave important instructions.

Feng Yuanwei, provincial CPC committee deputy secretary, relayed the spirit of a national conference convoked in Beijing by the State Structural Reform Commission and the People's Bank of China on the trial implementation of a joint-stock system. [words indistinct]

#### **Tibet 'Vigorously' Developing Tertiary Industries**

OW2109114892 Beijing XINHUA Domestic Service  
in Chinese 0319 GMT 21 Sep 92

[By reporter Wen Min (3306 7044)]

[Text] Lhasa, 21 Sep (XINHUA)—In the course of reform and opening up, the Tibet Autonomous Region is vigorously developing its tertiary industry in both busy cities and sparsely populated grassland areas. Tibet's tertiary industry deals with commerce, food service, transportation, and information services.

Transportation, postal services, telecommunications, commerce, food services, banking, insurance, and other service trades are the prop of Tibet's tertiary industry. During the



Seventh Five-Year-Plan period, Tibet obtained assistance from the central government, as well as from interior and coastal regions, introduced investment from abroad and established lateral ties at home. Its infrastructural investment for tertiary industries during the period totalled 173,900 yuan. From 1986 to 1990, the value added to Tibet's transportation, postal services, telecommunications, commerce, food services, banking, insurance, and other service trades totalled 1.801 billion yuan, accounting for 43.4 percent of the increased value of the region's tertiary industries as a whole.

With the deepening of reform and opening up, the tourism industry has become the leading industry in Tibet's tertiary industries. With Lhasa as the center of tourism, there are tourism spots in Xigaze, Shannan, Nagqu and Ngari Prefectures. During the Seventh Five-Year-Plan Period, Tibet received 110,800 tourists and earned \$28.52 million of foreign exchange from tourism. A number of well-managed hotels serve foreign tourists. The Lhasa Holiday Inn is a three-star tourist hotel, a Sino-U.S. joint venture. Its 1991 business volume amounted to \$7 million, and this year's business is expected to be six times the volume of 1991.

A new measure taken by Tibet in the development of tertiary industries is to encourage office cadres and scientific and technological personnel to run scientific and technological industries in rural and pastoral areas. Computers, such as the Fang-Zheng brand computer developed by Beijing University, the Anhua Brand computer made in Shenzhen, and the Zhufeng Brand computer made in Tibet, as well as Tibetan language software programs, are available on the Lhasa market. Companies providing information consultancy, technical services, and technological transfers can also be found in the streets of Lhasa. In rural and pastoral areas, service trades run by office cadres and urban scientific and technological personnel provide educational, scientific and technological, cultural, public health, and repair services to people, and most of them enjoy good business. The service trades providing direct services to agriculture and animal husbandry before, during and after the production process are also thriving day by day, thanks to the tax breaks accorded them. In 1991, the total output value of these service trades in Tibet exceeded 71 million yuan.

Statistics show that during the period 1986-1991 Tibet's tertiary industry grew at an annual rate of 11 percent. The 1991 output value of Tibet's tertiary industry was 1.086 billion yuan, accounting for 35 percent of the region's gross product.

### North Region

#### Beijing To Expand Overseas Enterprises' Autonomy

HK2109050892 Beijing CHINA DAILY in English  
21 Sep 92 p 2

[By staff reporter: "Overseas Enterprises Enjoy More Autonomy"]

[Text] Beijing Mayor Chen Xitong promised more decision-making rights for overseas enterprises over the weekend.

Addressing a meeting on Beijing's overseas enterprises, the mayor encouraged all firms with enough funds, professional people and advanced technology and equipment to establish enterprises in foreign countries.

Up to the end of August, Beijing had established 102 enterprises in foreign countries. Total investment potential came to \$58.77 million, with Chinese investment accounting for 50.7 percent.

Beijing-financed overseas enterprises are mainly located in Japan, the United States, Italy, Germany, Australia, the Commonwealth of Independent States, Hong Kong and Macao.

The enterprises are engaged in industry, agriculture, development of natural resources, finance, real estate, trade, tourism, services, medical care, electronics, motor vehicle maintenance, construction, gardening and catering.

Of the enterprises, 48 have gone into operation and sales volume reached \$250 million in 1991.

In order to promote the development of the overseas enterprises, the Beijing Municipal Government has worked out relevant policies to let the organizations enjoy more decision-making rights in management, the allocation of funds and employment.

The overseas enterprises are also allowed to diversify into multi-lateral trade and are encouraged to import foreign capital and technology while exporting capital, equipment and technology.

Wan Jifei, deputy director of the Municipal Foreign Economic Relations and Trade Commission, said that, since the beginning of this year, Beijing enterprises have inaugurated 26 joint ventures in East European countries and Southeast Asian countries, and prepared 28 other projects.

In another development, Beijing's economic growth continued in August.

According to the Beijing Statistics Bureau, the city's industrial output value totalled 7 billion yuan (\$1.25 billion) last month, an increase of 12.6 percent over the same period last year and the accumulated output value from January to August was about 57 billion yuan (\$10.2 billion), up 15.5 percent.

The production of energy and raw materials soared in the first eight months, the bureau's statistics indicated.

Steel production between January and August was 3.48 million tons, up 11.9 percent.

The statistics also show the city's capital construction investment in the first eight months chalked up a hefty 36.4 percent to hit 6.96 billion yuan (\$1.29 billion).

Retail sales in Beijing registered the highest monthly growth this year in August, totalling 3.5 billion yuan (\$625 million), up 21.4 percent. The total for the first eight months reported a growth of 18.3 percent to be about 27 billion yuan (\$4.8 billion).

However, by the end of August, Beijing's financial revenue only inched up 4.3 percent to be 5.1 billion (\$944 million), while expenditure increased by 5.9 percent to a total of 4.15 billion yuan (\$776 million).

Also in the first eight months, Beijing witnessed a 3.4-percent increase of its exports.

#### **Li Ximing Inspects Shishahai Scenic Spot**

SK2109151792 Beijing *BEIJING RIBAO* in Chinese  
6 Sep 92 p 1

[Text] On the afternoon of 4 September, Li Ximing, secretary of the Beijing Municipal Party Committee, made an inspection tour of the Shishahai Area in Xicheng District. Liu Guiling, secretary of the Xicheng District Party Committee, and Yang Shengbo, deputy head of the Shishahai Area, made reports on their programs and short-term plans for developing and building the Shishahai Historical and

Cultural Scenic Spot. Comrade Li Ximing affirmed the positive significance of the development and construction of the Shishahai Historical and Cultural Scenic Spot in beautifying the capital's environment and benefiting future generations.

Comrade Li Ximing said: Shishahai Area is a treasured plot in which the masses may engage in activities and take a rest. It is very significant to build the Shishahai Area into a cultural scenic spot in this modern civilization. To satisfactorily maintain and protect the historical and cultural relics, we should not only pay attention to preserving the historical outlook but also strive to manifest the modern level. We should also pay attention to protecting the surface of the water and listen to the opinions of specialists to prevent the surface from being polluted. Comrade Li Ximing also zestfully climbed to Huitong Temple, viewed the Guo Shoujing Memorial Hall, and gazed far into the Shishahai Area.

**Mainland Planning Military Restructuring***OW2009224492 Taipei LIEN HO PAO in Chinese  
14 Sep 92 p 1*

[By special correspondents Hsu Shang-li (1776 1424 4409) and Li Fu-chung (2621 4395 6945); report from Beijing on 13 September]

[Text] Our sources said that the Communist Chinese military is evaluating a plan to restructure large military regions. The restructuring plan, broached by Teng Hsiao-ping [Deng Xiaoping], aims to complete the restructuring of large military regions in five years. The same sources pointed out that the General Office of the Central Military Commission has decided to first abolish the organizations of two large military regions. It is a known fact that the Jinan Military Region is slated to be abolished.

Our sources also said that Yang Shang-kun, vice chairman of the Central Military Commission under the CPC Central Committee, has been entrusted with the task of transmitting Teng Hsiao-ping's proposed plan to restructure seven large Communist Chinese military regions. Yang Pai-ping [Yang Baibing], the younger brother of Yang Shang-kun and the current secretary general of the Central Military Commission under the CPC Central Committee, is the person who is actually responsible for implementing the plan.

The General Office of the Central Military Commission, which is under the control of Yang Pai-ping, is earnestly promoting the plan to restructure large military regions. The reason that the Jinan Military Region has been chosen to be abolished is because the areas under its control are small compared with other military regions, and its abolition will affect national security very little. Regarding other large military regions, the Central Military Commission, after soliciting opinions from commanders of the seven military regions last week, had submitted a report to Teng Hsiao-ping. It has been learned that a compromise plan was worked out to provide a five-year grace period to gradually complete the restructuring plan for large military regions.

The sources said that it is Teng Hsiao-ping's idea to abolish the system of large military regions and replace them with a system similar to that of the United States by establishing three services' joint chiefs of staff under the Ministry of Defense. Teng Hsiao-ping intends to set a principle of "centralized command" for the Liberation Army. His idea was presented at a recent meeting of the Central Military Commission, and commanders of various military regions and aged military bosses at the meeting were asked to discuss his idea. Some military brass at the meeting raised objections, saying the abolishment of large military regions would sap independent combat capability and would mean the loss of depth in defense.

The U.S. announcement of the sale of F-16's to Taiwan further strengthened the case of the military bosses who opposed abolishing large military regions. They said that because the Taiwan military is seeking highly sophisticated weapons from the United States and France, the abolishment of the seven military regions at this time will inevitably affect frontline defense and national security. In

addition, following the collapse of the Soviet Union, U.S. "hegemonist" attempts have become more and more apparent. Faced with such an international climate, caution should be exercised regarding the timing of abolishing large military regions.

Our sources pointed out that following the close of the Central Military Commission meeting, Yang Pai-ping, secretary general of the Central Military Commission, who is in charge of the daily work of the General Office of the Military Commission, collected relevant opinions aired at the meeting and forwarded them to Teng Hsiao-ping through Yang Shang-kun. It is said that following Teng Hsiao-ping's overall consideration, a compromise plan was worked out on first abolishing two large military regions. Chang Wan-nien [Zhang Wannian] is the current commander and Sung Ching-wei [Song Qingwei] is the current political commissar of the Jinan Military Region, which is slated for abolishment. As for the Nanjing Military Region, whose lines of defense include Taiwan and whose military areas cover the former Fuzhou Military Region, it will not be included in the first wave of abolishment because of the new situation in the Taiwan Strait.

**Qian Qichen Says Independence 'Internal Affair'***OW1809140592 Taipei TZU LI WAN PAO in Chinese  
12 Sep 92 p 2*

[Interview with Qian Qichen by TZU LI WAN PAO reporter Chiang Ching-ling (3068 7234 3781) in Bangkok; date not given]

[Text] Communist Chinese Foreign Minister Qian Qichen said: The issue of independence is Taiwan's internal affair; it is not related to the China issue. He sidestepped any discussion of Communist China's attempts to corner Taiwan politically and diplomatically, maintaining that Taiwan has ample room for maneuver in the international community.

Qian Qichen made this statement to our reporter after a joint press conference held by the foreign ministers of 15 Asia-Pacific Economic Cooperation member states. Here is the substance of the interview:

[Chiang Ching-ling] In recent years, Communist China has incessantly tried to corner Taiwan in the political and diplomatic arenas in an effort to erode the latter's living space in the international community. Do the two sides of the Taiwan Strait need to continue this kind of feuding?

[Qian Qichen] Taiwan still has ample living space. Reunification will solve this problem.

[Chiang Ching-ling] What if Taiwan declares itself independent? China will not accept such a declaration.

[Qian Qichen] Independence is Taiwan's internal affair; it is not related to the China issue.

[Chiang Ching-ling] You said that Taiwan can join GATT as a separate tariff territory. At the same time, you stressed the



need to adopt the name "Chinese Taipei." Isn't the designation of "Taiwan-Penghu-Kinmen-Matsu" good enough? Doesn't this name represent a tariff territory?

[Qian Qichen] "Chinese Taipei" is acceptable.

[Chiang Ching-ling] What about the "Taiwan-Penghu-Kinmen-Matsu" tariff territory?

[Qian Qichen] (After thinking for awhile) It is not a good name.

#### **Two-Day Meeting on Mainland Affairs Held**

*OW2109094092 Taipei CNA in English 0811 GMT  
21 Sep 92*

[Text] Taipei, Sept. 21 (CNA)—Government officials concluded a two-day meeting Saturday on mainland affairs with a consensus that Taiwan and Mainland China were heading toward integration and unification, rather than separation and "Taiwan independence."

Briefing the press on conference conclusions, Mainland Affairs Council (MAC) Chairman Huang Kun-hui said barring a drastic turmoil, relations between Taiwan and the mainland will become closer in the 21st century.

In a report titled "Work for Cross-Strait Relations in the 21st Century," Huang said many bright Chinese have thought that the 21 century will be a Chinese century.

"Whether it is a remote dream or [words indistinct] ever-closer fact will depend on the development (in Cross-Strait ties) before the end of the 20th century," he said.

He said no one has seen a respectable communist-ruled place, and no one has seen people under communist rule live a plentiful life.

Nor has any one seen a divided country that is strong and whose people lead a life free from fear, Huang said.

He advised Peking to engage in "democratic reform," which and only which will assure people on Taiwan that it will be in their interest to unify with Mainland China.

"This is the most fundamental meaning of unification," he quoted a conference conclusion as saying.

The conferees also urged Peking to realize that it is the different systems, not the Taiwan Straits, that are dividing China.

The more thoroughly Peking reforms its politics and economy, the better the results of Cross-Strait exchanges will be, they said.

They advised Peking not to get obsessed with their idea of "using force to settle the Taiwan issue," saying such an idea is a "myth."

They urged Peking to "pragmatically settle issues of mutual concern," not to shout political slogans which only serve to heighten tensions across the straits.

The participating officials, drawn from different government agencies in charge of mainland affairs, also counsel

Peking not to make use of so-called public opinion and expect Taiwan people to "zero in on" the government.

#### **Beijing's 'Ultimate Goal' Denounced**

*OW1909084292 Taipei CNA in English 0807 GMT  
19 Sep 92*

[Text] Taipei, Sept. 19 (CNA)—Ranking officials reminded people here Friday that Peking's "ultimate goal" is to "eat up Taiwan," though its strategy may vary from time to time.

Sung Hsin-lien, director of the National Security Council, said the most worrying thing is that people seem to have lost their vigilance against the communist regime on the mainland.

"Many people cannot distinguish between ourselves and our enemy, thinking that communist China's Taiwan policy is about the same as we think," Sung said in a report to the mainland affairs conference.

The two-day conference drew more than 200 officials from various government agencies to forge a consensus and formulate a strategy on their mainland work.

Mainland Affairs Council Chairman Huang Kun-hui also pointed out that Peking's "basic target" about Taiwan is to "swallow it up," so that the communist regime can extend its rule to the island.

In order to achieve the goal, Huang said, Peking had earlier taken a military approach but later revised the strategy. Peking has taken a two-pronged strategy of "peace and war" toward Taiwan, he said.

Communist China's "one country, two systems" policy toward Taiwan seeks to unify Taiwan in several stages, Huang said.

First, Peking attempts to lure people on both sides of the Taiwan Straits to accept its title of "People's Republic of China" in what it calls "unification of sovereignty," the MAC chief said.

Then, Peking would downgrade Taiwan into a special administrative region in what it calls "the unification of territory," he continued.

Finally, Peking would force its own communist system on Taiwan to complete what it calls "the unification of system," Huang analyzed.

From the analysis, it is clear that Peking's "one country, two systems" formula is but a bait to lure the "Taiwan fish" onto its hook, Huang said.

He said the "two systems" would eventually become "one system" because Peking would allow only the communist system to prevail on the Chinese land.

Premier Hao Po-tsun, addressing the opening of the conference, said the government's mainland affairs policy aims to help the mainland change "in the direction of freedom and democracy."

During the past five years, he said, "our mainland work has been in keeping with the world trend," and has contributed

to the improvement of the mainland's political and economic structure and the promotion of cross-strait relations.

The premier asked participants to handle mainland affairs as a priority work and implement the government's mainland policy efficiently.

### **Familiarization Visits Allowed**

*OW2109092992 Taipei CNA in English 0804 GMT  
21 Sep 92*

[Text] Taipei, Sept. 21 (CNA)— Officials in charge of mainland affairs will be allowed to visit Mainland China to familiarize themselves with the situation there, it was resolved at the Cabinet Mainland Affairs Conference Saturday.

Participants in the meeting reviewed their work regarding cultural, educational, economic and other exchanges with the mainland.

They agreed that they had difficulties carrying out 38 projects to realize the first-stage goals of the national unification guidelines.

The difficulties included the lack of information about the mainland and of coordination among different government offices, and the need to forge a consensus with the civilian sector.

Conferees then decided that more officials in charge of mainland affairs should be allowed to visit the mainland to observe developments related to their respective jobs.

The decision was announced by Ma Ying-jeou, vice chairman of the Mainland Affairs Council (MAC), during a press conference.

### **Direct Shipping Links Possible**

*OW2109091592 Taipei CNA in English 0755 GMT  
21 Sep 92*

[Text] Taipei, Sept. 21 (CNA)—The government could open direct shipping links with Mainland China in the near future on a trial basis, the Mainland Affairs conference concluded Saturday.

Kao Kung-lien, vice chairman of the Mainland Affairs Council, said now is not the time to establish direct transportation links with the mainland.

When the time is ripe, he stressed, the government would still insist on opening just maritime transportation between "certain ports" during the initial stage.

During the initial stage, the government will also insist on "one way" shipping link, with ROC [Republic of China] boats sailing to and from mainland ports. Mainland vessels will not sail here during the stage.

Both sides of the Taiwan Straits must announce an end to their hostility and recognize each other as an equal political entity, Kao said.

Taipei has done both, but Peking has refused to do either of the two.

A third step would be an aviation and shipping pact between the two sides.

The pact would have to pass the Legislative Yuan in accordance with the statute on relations between the people on Taiwan and on the mainland.

Finally, airline and shipping industries on both sides of the straits would settle other details relevant to air and shipping services across the Taiwan Straits.

Before the official agreement becomes a reality, Kao said, the government will allow China Airlines to provide ticket booking service to streamline booking procedures for travelers going to the mainland. The government will also increase daily flights to and from Hong Kong and consider adding Eva Airlines to the list of companies running the Hong Kong route, Kao reported.

### **Telecommunications Links Under Study**

*OW1909090692 Taipei CNA in English 0828 GMT  
19 Sep 92*

[Text] Taipei, Sept. 19 (CNA)—The Ministry of Transportation and Communications will study the feasibility of establishing direct telecommunications links across the Taiwan Straits, a ranking official said Friday.

Minister Eugene Chien said his ministry plans to commission the private Telecommunications Technology Development Co. to survey telecommunications service system in Mainland China.

At present, cross-strait telephone calls must be transmitted through a third country or area. The arrangement has increased unnecessary costs.

Chien said the ministry will also negotiate with more foreign airlines to help transport mails to the mainland. Currently, cross-strait mails are transported by only three airlines—Cathay, Thai Airways and Japan Asia Airways.

Chien said the biggest hurdle to direct cross-strait postal, telecommunications and transportation links is Peking's hostility toward Taiwan. It has not renounced the use of force against Taiwan and has failed to drop its "bully mentality" in handling non-political cross-strait affairs. Against this background, Chien said, the government cannot consider the opening of direct cross-strait shipping and air links at the moment.

### **Council Explains Links Position**

*OW1409083592 Taipei CNA in English 0814 GMT  
14 Sep 92*

[Text] Taipei, Sept. 14 (CNA)—The Mainland Affairs Council (MAC) Sunday [13 September] published its "explanatory book" on the government's position on direct transportation links with Mainland China.

The book said talks on setting up direct transportation links could begin as soon as Peking reduces its animosity toward Taiwan and recognizes Taipei as an equal "political entity."

Ma Ying-jeou, MAC vice chairman, told a seminar Sunday that the book should not be regarded as a "bargaining chip" that the government is ready to use in talks with the mainland.

The two sides of the Taiwan Straits have not achieved much progress in such technical problems as document verification, so it is unlikely that highly political and much more complicated talks on direct transportation links would begin any time soon, Ma said.

Ma said that once the direct transportation links are established, cross-strait relations will undergo a "structural change."

Liao Cheng-hao, an adviser to the Executive Yuan, said that the government should take the initiative in talking with Peking over the issue since it was Peking which raised it first.

[Word indistinct] across-the-board opening of direct maritime and air transportation links between Taiwan and the mainland is currently impossible, "we can consider certain routes," Liao said. "We shall deal with it with great care," he stressed.

Kao Ching-yuan, chairman of the president enterprise group which has invested on the mainland, urged the government to clear all hurdles to direct links with the mainland just for the sake of saving the transportation cost for businessmen.

"The government should not give up its initiative in talking with Peking because of difficult political and technical problems," Kao said.

Ma Kai, a researcher at the Chung Hua Institute for Economic Research, said the MAC can no longer remain ambiguous in dealing with the issue since it has pointed out all possible problems involved.

Ma questioned the MAC reasoning that direct transportation links will lead to direct commercial links between the two sides of the straits.

Kuomintang National Assemblyman Chu Hsin-min was not satisfied with the MAC explanation that direct cross-strait links have not been set up mainly because of the absence of "good will" from Peking.

"Shall we wait indefinitely until Peking shows its good will? Can't we take the initiative or create some pressure for Peking to feel that this is a common problem for both sides of the straits which must be solved through direct talks?" Chu asked.

He accused the government of being "impractical and irresponsible" by just pointing out the problems without taking actions to solve them.

Professor Chang Hsiao-chun of National Taiwan University pointed to a flaw in the MAC explanation—blaming all faults on Mainland China without mentioning possible faults on Taiwan's part.

Chang thought it possible that the two governments on the two sides of the straits could settle the issue under their respective "one China" principle.

If the government thinks it not convenient for direct talks, it can authorize a civilian group to do the job, the professor noted.

Chen Kuang-hua, deputy secretary general of the ROC [Republic of China] shippers union, called on the people to beware of Peking's "executive branch" whose ministries of transportation, fishery, energy, and agriculture administer separately a total of 400,000 ships.

What kind of mainland ships can be allowed to run Taiwan routes? How to calculate the cost? How to set a limit on the mainland boats? All these questions must be considered before entering into formal talks on direct links across the straits, Chen said.

He warned that without taking these into consideration, it will be "our shippers" who will lose in the tussle with Peking.

Chen Chung-hsin, director of the Democratic Progressive Party's Policy Research Office, said the quarrel over sovereignty has been the main stumbling block to direct transportation links.

Since Peking has never ruled Taiwan and the government has effectively controlled Taiwan for more than 40 years, there is no sovereignty problem at all, he said.

"Based on this fact, why should we dwarf ourselves by claiming we are a political entity?" he asked.

Chen urged the government to think about the problem from the perspective of "Taiwan's independent sovereignty."

#### **Editorial Views Broadcasting To Mainland**

*OW1909143592 Taipei CNA in English 1403 GMT  
19 Sep 92*

[19 September editorial from the CENTRAL NEWS AGENCY's evening daily EXPRESS NEWS]

[Text] Taipei, Sept. 19 (CNA)—**Broadcasting To The Mainland**

A US bipartisan congressional commission on broadcasting to "the People's Republic of China [ROC]" has urged the United States to begin as early as possible home service broadcasting to Mainland China and other communist countries in Asia.

We view the findings of the commission with keen interest because the Republic of China on Taiwan is probably the best qualified party to run home service broadcasting to the mainland of China in terms of proximity, resources, the knowledge of the mainland and the examples it can provide in pursuing economic liberalization and political modernization in a Chinese society.

As the commission has pointed out, the Republic of China is the first Chinese state to work toward a multiparty democratic system in all 4,000 years of recorded Chinese history, and, therefore, its developments have great resonance in all Chinese societies.



In fact, Taipei has tried hard to promote its experience to the mainland and had broadcasting services beamed to the mainland for many years. For example, the Central Broadcasting System (CBS) is devoted specifically to such services.

Unfortunately, CBS has failed to achieve the kind of trust that such international broadcasters as the British Broadcasting Corp. have received among the people on the mainland. The reason is that it is run by the government and, therefore, not independent enough in the contents of its broadcasting.

Even though the Kuomintang-run Broadcasting Corporation of China (BCC) has established a considerable degree of credibility in the past several years among its mainland listeners as a source of news and information, it does not have a service devoted specifically to the mainland.

There is a bill sitting in the Legislative Yuan that calls for the establishment of a public body to independently run international broadcasting as well as services beamed to the mainland. Given the lack of interest on the part of lawmakers, it may take a long time before it can see the light of day.

But the report of the US commission has given us a sense of urgency, and there should be no delay in the overhaul of our broadcasting service to the mainland.

#### U.S. Urged To Enter Mainland Via Taiwan

OW2109093092 Taipei CNA in English 0801 GMT  
21 Sep 92

[Text] Taipei, Sept. 21 (CNA)—Taiwan's business sector will suggest to the United States that it use Taiwan as a base to make inroad into the "greater China economic zone" as a means to narrow the trade gap between the Republic of China [ROC] and the U.S.

The business sector will make the suggestion at the joint meeting of the ROC-US and US-ROC Economic Councils scheduled for Dec. 1-4 in Taipei.

Yang Chuan-ling, an adviser to the ROC-US Council, said the council has recommended quite a number of ways to the US which can be used to cut its trade deficit with Taiwan.

However, Yang pointed out, the recommendations mostly fell on deaf ears, as the Americans continued their "hit and run" strategies while developing the Taiwan market.

The Japanese, on the contrary, have spent lots of time and energy doing market survey and analysis of the Taiwan market. Japan's marketing network in Taiwan has not been built in one day, he said.

The Americans think of the Taiwan market only after they learn that others making money here, and once they struck a deal with the local businessmen they turn their heads to other places, Yang observed.

"We will suggest to them again that Taiwan can be used as a springboard to enter the greater China zone," which includes southeast China and Southeast Asia, he added.

The upcoming joint council meeting will take place at the Taipei International Conference Center with ranking government officials from both countries attending.

The US Commerce Department reported that US trade deficit with Taiwan rose to US\$1.1 billion in July, up US\$300 million from a month earlier.

#### Minister Urges Expanding Ties To Rejoin UN

OW2109090992 Taipei CNA in English 0750 GMT  
21 Sep 92

[Text] Taipei, Sept. 21 (CNA)—The Republic of China [ROC] is seeking to establish friendly relations with more countries around the world to pave the way for rejoining the United Nations, Foreign Minister Chien Fu said over the weekend.

In his speech at the Chung Cheng Cultural Center in the southern Taiwan port city of Kaohsiung, Chien said Taiwan currently maintains diplomatic relations with 29 countries.

In addition, the ROC has set up 89 representative offices in 58 countries with which Taiwan does not have diplomatic ties. Seventeen of those offices bear the country's official title "The Republic of China," the minister reported.

To join the UN, Chien said, the ROC must have the support of more than half of the 179 UN member states. "We therefore must develop friendly ties with as many countries as possible in order to facilitate our bid to join the UN," he noted.

The ROC withdrew from the UN after the New York-based world body admitted Communist China.

Chien said the country has made progress in expanding foreign relations. It has joined several regional organizations during the past year, including the Asia Pacific Economic Cooperation forum.

The minister denied that the country has embarked on "dollar diplomacy." With limited funds, Chien said, the Ministry of Foreign Affairs cannot afford to engage in "dollar diplomacy."

He reported that a foreign aid bill has been sent to the Legislative Yuan for enactment. After the bill is passed, the country's foreign aid will come under parliamentary scrutiny.

Chien said, "We must help other countries and then we can expect their assistance when we need."

With the number of overseas offices increasing, Chien said the country's demand for trained diplomatic personnel also grows. Chien said his ministry has been troubled by a shortage of qualified staff. "I hope more ambitious college graduates will dedicate themselves to diplomatic service," he added.

### Progress on Bid To Join GATT Noted

OW1909091292 Taipei CNA in English 0824 GMT  
19 Sep 92

[Text] Taipei, Sept. 19 (CNA)—After many twists and turns, the Republic of China [ROC]'s bid to join the General Agreement on Tariffs and Trade (GATT) has finally taken off ground, the Board of Foreign Trade [BOFT] said Friday.

The board received a message from its staff stationed in Switzerland at 7:20 p.m. Friday confirming that Taiwan's membership application will be discussed in the forthcoming GATT council session on Sept. 29.

The ROC applied to join the Geneva-based free trade promotion body with the name of "Taiwan, Penghu, Kinmen and Matsu Customs Territory" in January 1990. The application has been shelved for more than two years because of pressure from Peking.

BOFT officials said the inclusion of Taiwan's application into the agenda of the monthly GATT council session marks a breakthrough in the country's efforts to join the world's foremost trade organization.

If Taiwan's application is accepted at the meeting, the GATT council will set up a working party to consult with the ROC on market-opening and tariff issues. BOFT officials said the British representative to the GATT is likely to head the group.

After the formation of the group, Taipei will automatically become a GATT observer and will be allowed to attend all GATT-related meetings. If two-thirds of the 104 GATT members endorse its membership bid, Taiwan will formally become a GATT contracting party.

Pleased with the news, Vice Economic Affairs Minister P. K. Chiang said the government will soon form a supra-ministerial task force to handle consultative talks with the GATT working group.

Chiang said the upcoming negotiations will be difficult, adding that all government agencies should coordinate to work out negotiating strategies and adjust current trade, agriculture, banking and transportation policies to conform to GATT regulations.

Chiang stressed that Taipei's membership title will be "Taiwan, Penghu, Kinmen and Matsu Customs Territory" as used in its original application, but a short title "Chinese Taipei" may also be used.

Some optimistic officials predicted that Taiwan could become a formal GATT contracting party within one year since its economic and trading systems have been largely adjusted to meet GATT requirements.

Li Kao-tsao, a department chief of the Council for Economic Planning and Development, noted that Taiwan's international status will be upgraded after joining the GATT. For instance, Li said, the country will be able to join in multilateral trade negotiations on an equal and reciprocal basis.

Nevertheless, Li said, the country must also be prepared to make some sacrifices. Once Taiwan becomes a GATT

member, he noted, it can no longer adopt discretionary trade policy toward Japan. This means that local automobile, home appliances and electronics industries will suddenly face tough competition from Japan and other industrialized countries, Li explained.

### Air Link Negotiations Set To Begin With Russia

OW2109090492 Taipei CNA in English 0744 GMT  
21 Sep 92

[Text] Taipei, Sept. 21 (CNA)—Taiwan and Russia will start to negotiate for direct air links within three months, a ranking Civil Aeronautics Administration (CAA) official reported over the weekend.

CAA Deputy Director-General Sun Chao-liang said the two countries have reached a consensus on the establishment of direct air links and the first round of talks on the issue will be held either in Taipei or Moscow within three months.

If all goes smoothly, Sun said, direct flights between Taipei and Moscow may begin early next year.

Sun made the statement after meeting with Oleg Lobov, chairman of the expert council to the president of Russian Federation, who is currently on a five-day visit here.

Lobov, concurrently chairman of the Moscow-Taipei Economic and Cultural Coordination Commission (MTECCC), said Russia is interested in establishing air links with Taiwan. In the communist era, Lobov said, Russia's commercial flight services were controlled by its military authorities.

"As we don't have much experience in negotiating aviation rights agreements with other countries," Lobov said, "we need time to prepare for such talks."

A senior executive with Aeroflot, Russia's national flag carrier, was also present at Saturday's meeting.

Taiwan's two major international airlines—China Airlines and Eva Airways—are evaluating the market potential of the Taipei-Moscow air route, Sun revealed.

He noted that direct Taipei-Moscow flight services will facilitate Taiwan's bid to establish air links with other East European countries. "Once we sign an aviation accord with Russia, we can use it as model in negotiating similar pacts with other East European countries," he explained.

Lobov led a nine-member Russian delegation to Taipei Wednesday to attend the first joint meeting of MTECCC and its Taiwan counterpart, the Taipei-Moscow Economic and Cultural Coordination Commission.

Lobov and his party visited the Chiang Kai-shek Memorial Hall and the National Palace Museum Sunday. Lobov said he was impressed by the wealth of Chinese art treasures at the Palace Museum.

Earlier in the day, the Russian visitors toured the Far Eastern Department Store in Taipei's bustling Hsimenting District. After touring a supermarket at the basement of the

department store, Lobov said he was surprised at the wide selection of foods and other daily necessities available in the store.

#### **Taipei Unlikely To Accept Low-Level ROK Mission**

*OW1909082592 Taipei CNA in English 0758 GMT 19 Sep 92*

[Text] Taipei, Sept. 19 (CNA)—Taipei is unlikely to accept a "working level" South Korean mission Sept. 20 since Seoul has not responded to Taipei's basic demands, officials said Friday.

South Korea must show respect for the Republic of China [ROC]'s basic position and prepare "concrete and feasible" packages for future ties between the two countries, Foreign Minister Chien Fu said.

South Korea's Ministry of Foreign Affairs issued a statement Friday saying that in spite of Taipei's refusal to accept it, a working level mission led by a former ambassador will still head for Taipei as scheduled.

Chien said if the South Korean working-level mission is not appropriately authorized, "the government will not talk with them, even if they come."

To Seoul's charges that Taipei has not been "rational enough" in treating the high-ranking mission led by former National Assembly Speaker Kim Chae-sun, Chien responded by saying that Taipei has been "very rational."

However, he added, "national dignity cannot be sacrificed for the sake of rationality." If the South Korean Government wants Taipei to be rational at the expense of its national dignity, "sorry we cannot do it," he said.

Officials at the ministry meanwhile dismissed reports as "untrue" that the government had coerced Kim Dae-sun to sign an agreement on the framework of future bilateral ties.

They said that since the two sides had not reached any agreement, how could there have been one to be signed?

Kim led a seven-member delegation to "beg for pardon" here Sept. 15-17. Kim was supposed to have been authorized to discuss a framework for Taipei-Seoul ties following the rupture of their diplomatic relations.

Taipei felt it has been doublecrossed when Kim, at the close of his Taipei visit, claimed that he had been sent here not by the Seoul government, but by Korea's ruling Democratic Liberal Party.

#### **Editorial Views Future of Relations**

*OW2009103092 Taipei CHINA POST in English 16 Sep 92 p 4*

["Editorial: Arrange New Ties with South Korea"]

[Text] A high-level South Korean mission arrived in Taipei yesterday for a three-day discussion of how to sustain the continuation of bilateral relations, following Seoul's switch of diplomatic recognition to Beijing in the middle of last month.

Another Korean working-level delegation is scheduled to fly in on Sept. 20 to carry out follow-up negotiations on new ties between Taiwan and South Korea, with talks to center on technical matters.

These talks are vitally important, as it is important that new arrangements be worked out that will facilitate future economic, cultural and other substantive exchanges between the two sides in the absence of diplomatic links.

From this standpoint, we believe that our delegation to the negotiations with South Korea must raise and hold firmly to the following major points:

The first concerns the exchange of representative offices. For Taiwan, its future representative offices in South Korea must bear titles that conform to their status and do not impair the dignity of the government they represent.

Moreover, the representative offices must be authorized to process visa applications and perform all other services necessary to facilitate bilateral exchanges.

All citizens working for the two representative offices must be allowed to enjoy diplomatic immunity on a reciprocal basis.

Another point of importance should be for Taiwan and South Korea to conclude trade and investment guarantee agreements needed to foster future exchanges. New treaties on air and sea service links certainly should be included. A third important point that should be brought up for discussion relates to the need for arrangements for high-level contacts between the two sides.

It is essential for Taipei and Seoul to hold annual high level meetings to review exchange policies and address bilateral issues that go beyond the authorization of their respective representative offices.

All the arrangements mentioned above are necessary to ensure the continuation of substantive exchanges between the two sides, now without diplomatic links.

An all-out effort should be made to win Seoul's agreements to these mutually favorable arrangements. Should such an effort fail, we suggest that the government keep in force the suspension of air links and take other measures in retaliation for Seoul's extremely unfriendly manner in switching recognition.

Maintaining such retaliatory measures would certainly damage our own interests as well, but we have no choice. Agreeing to Seoul on inefficient and inadequate new relations arrangements will hurt the nation's dignity and its long-range well-being.



## Hong Kong

### Territory To Offer To Build Naval Base for PLA

HK2009053992 Hong Kong *SOUTH CHINA SUNDAY MORNING POST* in English 20 Sep 92 p 1

[From David Healy in London and Chris Dobson]

[Text] Hong Kong is set to spend up to \$1 billion on building a naval base for the People's Liberation Army (PLA) before 1997 which could be used as a deep water base for the mainland's southern fleet.

The offer is part of a bid to break the deadlock over military lands which centres around the future of HMS Tamar West—presently the site of the British military headquarters and which will remain after the naval basin has been filled in next year.

The Hong Kong Government is set to make \$25 billion from the development of HMS Tamar, with \$20 billion coming from Tamar East and the remaining \$5 billion from the west site.

China is demanding port facilities for its naval ships, and the suggestion of the deep water port, likely to be constructed on Stonecutters Island, is seen as an alternative to Tamar.

But Chinese negotiators at tomorrow's resumed meeting of the Sino-British Joint Liaison Group (JLG) in London are said to be ready to continue to press for land at the west site.

And they are insisting they be able to hold large military parades in the centre of Hong Kong—an important propaganda weapon, but one which the British side believes would damage the vital business district's image.

A source in London said part of the battle over the future of HMS Tamar centres round the demand of the PLA for space for public military displays in the heart of the territory.

On the British and Hong Kong sides, officials are said to be trying to convince Chinese negotiators they should accept the lowest possible profile for the military.

They say army units after 1997 should take as much space as they need in the New Territories, where Britain has a number of large military sites, and keep their presence in Central and Wan Chai to a minimum.

The British side is reported to be saying there should be no ostentatious displays of military might by the PLA.

It is known the naval base under construction on Stonecutters will be turned over to Government dockyard before 1997, in effect leaving China without a base.

Work on the site is due to be finished next year and the Royal Navy is scheduled to move to the site in about May

when the basin at HMS Tamar will be filled in and developed as part of the massive Wan Chai reclamation project.

China is also understood to have little interest in this base, which cost about \$360 million to construct, as it does not offer the same facilities or access to large warships as HMS Tamar.

The proposed naval base was given the full support of Legislative Councillor, Mr Jimmy McGregor.

"If China agrees the place (site) and the Hong Kong authorities can redevelop HMS Tamar, and Tamar is going to realise \$25 billion, then let the Hong Kong authorities build the naval base where the Chinese want," Mr McGregor said.

"I believe they have a right to it."

### Shipping Regulations Eased for Former Bloc, SRV

HK2109045092 Hong Kong *SOUTH CHINA MORNING POST* in English 21 Sep 92 p 5

[By Karen Cheng]

[Text] Ships from former Eastern bloc countries and Vietnam can now enter Hong Kong waters free of immigration examination, a move likely to boost bilateral trade.

But Assistant Director of Immigration Mr Choy Ping-tai was confident the relaxation would not open the door to smuggling activities as past records of ships from these countries showed there was no cause for concern, and the department would maintain spot checks.

For the first six months of this year, 570 ships came from the former Eastern bloc countries and Vietnam, an increase of 60 percent over the same period last year.

Mr Choy said their records showed they had never engaged in illegal activities and no crewmen had been arrested. Therefore, the department had decided to grant them the right to apply for a pre-arrival clearance (PAC).

The ships can now apply for a PAC before leaving their last port before arriving in Hong Kong within a maximum of 48 hours.

Once the applications are approved, the ships can enter Hong Kong waters without the need to stop at anchorages off Lei Yu Mun or Lantau Island for inspection.

At present, more than half the ships sailing into Hong Kong are given PACs and Mr Choy said they had not encountered any problems.

It is understood the only country not now entitled to a PAC is North Korea.

Chinese ships are generally not given the privilege also because of the problem of illegal immigrants.

Mr Choy also pointed out that the move could lead to a staff saving of 10 percent, with some officers being redeployed to other duties. The division currently employs 80 officers.

**END OF**

**FICHE**

**DATE FILMED**

22 SEPT 1992

